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# **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

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**Look Ahead Care and Support Limited**  
1 Derry Street  
London  
W8 5HY  
T. 020 7937 1166 F. 020 7937 8040

**A charitable housing association,  
registered under the Industrial & Provident  
Societies Act 1965: No. 21004R.  
Registered with the Homes and  
Communities Agency: No. LH0013.**

# LOOK AHEAD CARE AND SUPPORT LIMITED

## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2014

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### Contents

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	<b>Page</b>
<b>Particulars of the Board of Management, Officers and Advisors</b>	<b>3</b>
<b>Report of the Board of Management</b>	<b>5</b>
<b>Independent auditors' report to the members of Look Ahead Care and Support Limited</b>	<b>20</b>
<b>Income and expenditure accounts for the year ended 31 March 2014</b>	<b>22</b>
<b>Balance sheets as at 31 March 2014</b>	<b>24</b>
<b>Consolidated cash flow statement for the year ended 31 March 2014</b>	<b>25</b>
<b>Notes to the financial statements for the year ended 31 March 2014</b>	<b>26</b>

## LOOK AHEAD CARE AND SUPPORT LIMITED

### PARTICULARS OF THE BOARD OF MANAGEMENT, OFFICERS AND ADVISORS

#### Board of Management

**Stephen Alexander (Chairman)**

Appointed:  
as Board Member: 2010  
as Chairman: 2011

Chairman . *Immediate Media Company Ltd*  
Director . *Dairy Crest Group plc*  
Director . *Westwick Fruit Farms Ltd*  
Partner . *OpCapita LLP*

**Moira Sinclair (Deputy Chairman)**

Appointed:  
as Board Member: 2008  
as Deputy Chairman: 2013

Executive Director London and the South East - *Arts Council England*  
Member . *Mayor's London Cultural Strategy Group*

**Jane Hives (Chairman – Performance Review Committee)**

Appointed:  
as Board Member: 2012  
as Chairman of the Performance Review Committee: 2012

Chartered Accountant and Consultant  
Trustee . *The Pixel Fund*

**Julie Jones CBE (Chairman – Customer Services Committee)**

Appointed:  
as Board Member: 2012  
as Chairman of the Customer Services Committee: 2012

Trustee . *Sir Simon Milton Foundation*  
Vice Chair of Council . *Institute of Education, University of London*

**Sean Duggan**

Appointed: 2012

Chief Executive Officer . *Centre for Mental Health*  
Trustee . *Mental Health Providers Forum*

**Richard Pratt**

Appointed: 2008  
Resigned: 17 June 2014

Financial Services Regulatory Consultant

**Chris Richardson**

Appointed: 2009

Director - *Ernst & Young LLP*

**Victoria Stark CBE**

Appointed: 2012

Chief Executive . *Look Ahead Care and Support Ltd*  
Director . *Look Ahead Developments Ltd*

**Frances Mapstone**

Appointed: 2008  
Resigned: 7 June 2013

Freelance Housing Consultant

## LOOK AHEAD CARE AND SUPPORT LIMITED

### PARTICULARS OF THE BOARD OF MANAGEMENT, OFFICERS AND ADVISORS

#### Chief Executive and Senior Management Team

**Victoria Stark CBE**

Chief Executive  
Appointed: 1981

**Chris Hampson**

Deputy Chief Executive  
Appointed: 2004

**Liz Curran**

Executive Director Finance  
Appointed: 2000  
Resigned: 11 April 2013

**Pat Long**

Executive Director Operations  
Appointed: 2011

**Lisa Bradley**

Finance Director  
Appointed: 2011

**Paul Perkin**

Operations Director  
Appointed: 1 June 2013

#### Solicitors

**Devonshires**

Salisbury House  
London Wall  
London EC2M 5QY

#### Bankers

**Barclays Bank PLC**

Knightsbridge Business Centre  
PO Box No 32014  
London NW1 2ZG

#### External auditors

**BDO LLP**

55 Baker Street  
London  
W1U 7EU

#### Registration details

Homes and Communities Agency  
Registration Number: LH0013

Industrial and Provident Society  
Registration Number: 21004R

#### Internal auditors

**Beever and Struthers**

15 Bunhill Row  
London  
EC1Y 8LP

#### Investment managers

**Rothschild Wealth Management (UK) Limited**

New Court  
St Swithins Lane  
London EC4N 8AL

#### Registered office

1 Derry Street  
London  
W8 5HY

## **LOOK AHEAD CARE AND SUPPORT LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

Look Ahead Care and Support Limited is registered under the Industrial and Provident Societies Acts and is a Registered Provider under the Housing and Regeneration Act 2008. Look Ahead Developments Limited is a wholly owned subsidiary of Look Ahead Care and Support Limited (the Association together the Group). Group Accounts have been prepared for the year ended 31 March 2014 under the requirements of the Industrial and Provident Societies Acts.

#### **Results for the year**

The Board of Management has pleasure in presenting its report and financial statements for the group for the year ended 31 March 2014. The results show an unrestricted surplus for the year of £2,387,000 (2013: £11,369,000). The prior year result included a one-off exceptional surplus on disposal of fixed assets, housing properties, of £9,908,000.

#### **Financial strategy**

Look Ahead's mission is to enable those with particular needs to live ordinary lives within the community and our ability to deliver this is dependent on our continued long term financial strength and viability. We aim to deploy Look Ahead's financial strength, its asset base and income streams, to grow our services and transform the lives of increasing numbers of vulnerable people. This is achieved by pursuing a strategy for sustainable and managed growth and at the same time driving an agenda for improving efficiency across our services and central support functions thus achieving value for money. We re-invest any surplus funds in improving front line services and promoting customer choice and independence through personalised services.

#### **Look Ahead Developments Limited**

Look Ahead Developments was incorporated in February 2008 and provides construction, design and build services to Look Ahead Care and Support. Look Ahead Developments's turnover for the year to 31 March 2014 was £56,693 (2013: £2,352,777). Since its incorporation Look Ahead Developments has entered into design and build contracts with Look Ahead Care and Support for the redevelopment of two major sites in East London and, more recently, a site in Westminster. This latest project was completed in February 2013 and delivered 27 self contained units as well as communal and office space for a new supported housing scheme.

#### **Principal activities**

Look Ahead works in partnership with over 30 local authorities and health trusts to provide care, support and housing for those who are vulnerable, socially excluded and in need of support.

# LOOK AHEAD CARE AND SUPPORT LIMITED

## REPORT OF THE BOARD OF MANAGEMENT

With a customer led, person centred approach, Look Ahead provides support to people with learning disabilities, people with mental ill health, those with complex needs, young people and homeless people. Our service models include accommodation based support and care, floating support and outreach services. In addition to these models we provide added value, social inclusion opportunities including employment and training initiatives, work placements and health and wellbeing projects.

Look Ahead's property stock is designed to meet the needs of its customers. A proactive approach to asset management ensures that stock continues to meet those needs. We provide a range of supported housing, which is largely self-contained, as well as some smaller hostels and a foyer. A wide range of support and social care services are also delivered on an outreach basis to people living independently in their own homes.

### Review of the business

Look Ahead has delivered another strong set of financial results for the year. We have achieved growth in turnover year on year of circa £6.1 million or 13.2% which is an outstanding achievement, particularly given the ongoing public sector budget cuts that continue to affect the services we deliver. These financial results demonstrate Look Ahead's continued commitment to delivering high quality personalised services to our customers and our success in achieving value for money for our commissioners. Our supported housing and care services are routinely benchmarked through regular tendering processes and are selected by our commissioners for the positive contribution they make to health, social care and public health outcomes as well as significant savings to the public purse.

The growth from new business coupled with our continued focus on service improvements and efficiency savings has delivered a strong level of operating surplus for the year of £2.4 million (4.6% of turnover). This level of surplus reinforces Look Ahead's financial strength and will assist our future investment in service improvement and innovation.

During the year we used some of our cash reserves to remodel a building, delivering 19 self contained flats as well as communal and office space for a new service in Tower Hamlets. The overall social aim of the service is to support and prepare customers with severe and enduring mental health needs and a significant offending history for independent living and a move to independent accommodation. The service is thus generating a significant reduction to the public purse as customers have moved from significantly more expensive placements in health or social care services.

Look Ahead has continued to demonstrate its commitment to promoting customer choice and independence through personalised, co-produced services. This year Look Ahead's learning from the Experts staff training programme, developed and delivered by our customers, who use their experience of homelessness to help staff empathise with and relate to their clients' needs, was placed second in the prestigious Andy Ludlow Awards.

We held our first reward and recognition event at the Science Museum to celebrate customers' involvement in working with us to improve services. The event was a great success and the idea came from the Customer Services Committee who proposed that we

## **LOOK AHEAD CARE AND SUPPORT LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

hold an annual event to celebrate customer involvement and recognise exceptional achievement.

#### **Future developments**

Over the coming months we will be developing and implementing a new three year business development strategy. This will include a continuation of our existing and very successful approach to tendering for new support contracts. However it will also refresh our approach so that it reflects lessons learnt from contract wins over the last 3 years and is closely aligned to the rapidly changing external environment and new social care and health commissioner priorities. The Strategy will prioritise local authority areas which will be targeted for growth, consider the optimum size of contracts, the strength of our relationships with existing commissioners, their approach to procurement and assess potential opportunities to work with higher need customers.

Our approach going forward will also seek new opportunities to grow through channels outside of the traditional tendering route, In particular we will seek to build new partnerships and relationships and become part of the supply chains of NHS Trusts and private health providers. This approach will be supported where possible by using and investing in our existing property portfolio as part of our ongoing shift to work with higher need customer groups.

We will also explore one-off central, regional or local government pilot projects and initiatives that are targeted at new or innovative ways of working with and funding services for customers with very complex needs. In particular this will include people with forensic histories, personality disorder and those with learning disabilities and very challenging behaviour.

We anticipate growth going forward will be at a pace that is organic and sustainable to ensure we can continue to deliver high quality services and to be seen as a Provider that is forward thinking and innovative. We will however remain open to potential merger opportunities with smaller organisations where this makes strong financial sense, there is an excellent operational fit and a high probability of contract retention. This will not however be the core focus of our approach to growth.

#### **Delivering value for money**

Look Ahead exists to enable those with particular needs to live ordinary lives within the community. We aim to provide safe, high quality social care, support and housing services by designing and delivering personalised, co-produced services based on the principles of choice and recovery.

For Look Ahead, Value for Money (VFM) means making the best use of our property assets and other resources available to us to deliver the highest standard of services and achieve the best outcomes for our customers in London and the South East.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

Achieving Value for Money is absolutely integral to the success of our business and is therefore central to our corporate strategy, our business plan and our financial and asset management strategies.

Look Ahead's business plan is underpinned by a comprehensive set of strategies and objectives that aim to deliver better value for money for our stakeholders.

These strategies have been approved by our Board and include:

Corporate Strategy - to enable those with particular needs to live ordinary lives within the community

Financial Strategy - to deploy Look Ahead's financial strength, its asset base and income streams, to grow our services and support even greater numbers of people to achieve their goals and move forward with their lives

Asset Management Strategy - to ensure that our existing properties support the growth and strength of the overall social care business

These strategies inform our objectives and key priorities for the year which are focussed on the continuous improvement of service delivery to our customers whilst utilising our assets and resources in the most efficient and effective way.

#### Economy . how we increased the resources available to us

The table below summarises the key results that show how we have increased the resources available to Look Ahead.

<b>Economy - how we increased the resources available to us</b>		<b>Target</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Social Care</b>	Net new business growth	£3.0m	£1.7m	£2.7m	£3.7m
<b>&amp; Support</b>	Annual care and support contract income	£34.5m	£34.5m	£31.8m	£29.3m
<b>Services</b>	Net investment income (target from 2014/15)	£200k	£46k	£137k	n/a
<b>Overall</b>	Surplus achieved	£1.7m	£2.4m	£11.4m	£18.9m
	Investment return (since inception)	9.21%	7.19%	n/a	n/a

A key indicator of delivering value for money has been our success in winning new business where the winner is determined on a mix of price and quality. The delivery of new business growth is monitored via our KPIs and we have performed well compared to our net targets for the last four years by delivering exceptional levels of new business wins. In 2013/14 we secured contracts for 16 new services amounting to £4.2 million per annum, the majority of which were awarded to us after rigorous and very competitive tendering processes. Our overall net position after taking into account contract reductions and losses over the past 12 months shows net growth of £1.7 million per annum. This was below our target of £3 million and lower than previous years' levels however it reflects that a large amount of the tendering in the year was in response to bids for our existing services particularly in Tower Hamlets, our single largest area of operation.



## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

As well as new business growth we target a sustainable level of surplus, which is currently set at 3.5% of turnover. We exceeded this target in 2013/14. We include this indicator as we need to maintain financial sustainability and revenue surpluses. The level of surplus is set at a modest level to ensure that, after allowing for risk, as much of the income as possible is reinvested in the work of Look Ahead.

Since inception on 5 January 2012 our investment portfolio has earned a return of 7.19%. We recently reviewed our investment policy and implemented a longer term investment strategy which aims to achieve a higher return of RPI +2% over 5 years (previously RPI +1%) with a medium risk profile.

#### Maximising the social and economic return on our property assets

In 2013/14 we made progress in line with our asset management strategy as follows:

- We celebrated the opening of Hopkinson House flats, 27 new self contained supported housing units on 2 floors of a 5 storey building for single adults with low to medium mental health support needs in Westminster. This redevelopment took less than two years and was entirely funded by Look Ahead at a cost of around £2.3 million. In order to enable the development to proceed we had purchased the freehold of the whole building which included our leasehold interest in the top two floors where we run a hostel. The development has improved the quality of people's living environments, as people have moved from shared hostel type units to their own self contained flats. This has allowed customers to exercise greater independence in their new homes, and supported them to develop increased independent living skills as they prepare to move on. The care contract associated with the scheme is £0.8 million per annum.
- We completed the redevelopment of a property in Tower Hamlets which has delivered 19 self contained units as well as communal and office space for a new service in Tower Hamlets. This was the redevelopment of an existing low contract value supported housing scheme. The new high value supported housing scheme brings additional contract funding of £0.4 million per annum. The overall social aim of the service is to support and prepare customers with severe and enduring mental health needs and a significant offending history for independent living and a move to independent accommodation. The service is thus generating a significant reduction to the public purse as customers have moved from significantly more expensive placements in health or social care services.
- We have also secured a further high care contract for a mental health service in Tower Hamlets, by redeveloping two of our existing properties in Commercial Road and Deancross Street. These were again previously used as low care supported housing. The properties will be redeveloped during 2014 to provide 17 self contained units as well as communal and office space. This will bring in additional contract funding of £0.4 million pa and will prepare our customers for independent living. Again new customers will move from much more expensive placements, thus creating further savings to health and social care budgets.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

- We disposed of two small properties in Newham where the buildings were no longer required for the purposes for which they had originally been provided. The disposals generated a surplus of £0.2 million.

#### Efficiency - how well we utilised our resources

The table below summarises the key results that show how well we have utilised the resources available to Look Ahead.

Efficiency - how well we utilised our resources		Target	2014	2013	2012
<b>Social Care &amp; Support Services</b>	Services with utilisation below 90%	9%	20%	12%	16%
	Services with staffing levels below 90%	10%	7%	8%	11%
	Customers actively involved in support plans	75%	74%	73%	n/a
	Contract income collection %	95%	95%	95%	94%
<b>Landlord Services</b>	Maintenance cost (reactive/voids) per unit	£773	£918	£892	£818
	Maintenance cost (planned) per unit	£452	£235	£317	£263
	Percentage of first time fixes	85%	83%	82%	86%
	Void %	5.0%	6.6%	4.8%	6.0%
	Net arrears of current tenants	6.0%	5.5%	5.1%	4.6%
	Bad debt %	4.0%	3.4%	3.6%	3.7%
<b>Overall</b>	Overheads as % of turnover	12.4%	13.2%	13.7%	15.7%

Service utilisation has decreased this year with 20% of services below 90% utilisation. The majority of this is attributable to a positive increase in turnover of customers in our services as we successfully move them on to independent living. This has also had an impact on our void performance. In addition we have had a small number of services where there have been delays in referrals to some of our services by Commissioners. We are working closely with the Commissioners concerned to ensure any blockages in the referrals processes are addressed at the earliest opportunity as well as investigating the possibility of any alternative referral routes.

Only 7% of our services had staffing levels that fell below 90%. This is better than our target of 10% and an improvement on the previous year.

The percentage of customers actively involved in developing their support plans has been consistently high all year and has slightly improved on previous year's performance.

We achieved a contract income collection rate of 95% which was on target and the same as the previous year's performance of 95%. This is a good result, given the increase in new care and support contracts with payment terms of monthly in arrears. This is usually non-negotiable.

The reactive maintenance costs for our owned properties has increased by 2.9% to £918 per unit in the year and is higher than our target of £773 per unit. This is due to the higher turnover of property due to shorter stays of residents. High turnover is a demonstration of success of support offered, and is encouraged by Commissioners who receive greater value for money on their contract income if they can increase the number of referrals over the period of the contract.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

We have seen an improvement in the level of bad debts year on year and we have bettered our target which included an element of contingency to offset the impact of welfare reforms.

One of the most important indicators of efficiency for our business is the simple ratio between central overhead costs and turnover. Over the past five years we have seen our overheads reduce from 17.7% of turnover in 2008/09 to 13.2% of turnover in 2013/14. The reduction in overhead has been achieved by a rigorous programme of cutting costs and controlling increases to overheads, efficiency initiatives and achieving net new business growth. In 2013/14 we restructured our senior management team which freed up funds to enable us to invest in a Director of Care post as well as in our landlord services team. The latter should enable us to reduce further rent losses from voids and arrears and minimise any impact of welfare reforms. We also invested in an electronic supplier payment and expenses system which will ensure we pay our suppliers and employee expenses in a timely and efficient manner.

In 2013/14 we concluded procurement exercises for gas, electricity and mobile devices. We regularly conduct procurement exercises for the largest areas of our expenditure to ensure that we are obtaining the best value for money available in the marketplace in terms of service and product quality as well as price. For example, the new contract for our mobile devices realised cost savings of £58,512 or 15.1% and provided additional services including on-line billing, improved reporting functionality and a dedicated account manager.

#### Effectiveness . what we achieved with our resources

The table below summarises the key results that show what we have achieved with the resources available to Look Ahead.

Effectiveness - what outcomes we achieved		Target	2014	2013	2012
<b>Social Care &amp; Support Services</b>	Customer satisfaction with choice and control over their support	85%	83%	85%	92%
	Customer opportunities to get involved	80%	80%	81%	n/a
<b>Landlord Services</b>	% of customers moved on	66%	63%	63%	66%
	% of customers assisted into employment, training or education	40%	37%	41%	43%
	Customer satisfaction with home environment and local area	80%	75%	76%	n/a
<b>Overall</b>	Customer satisfaction with maintenance service	80%	75%	78%	87%
	Customer satisfaction with overall services	90%	85%	95%	94%

Look Ahead's Learning from the Experts staff training programme, developed and delivered by our customers, who use their experience of homelessness to help staff empathise with and relate to their clients' needs, was placed second in the prestigious Andy Ludlow Awards.

Our commissioners endorse Look Ahead's quality of service by benchmarking and then selecting Look Ahead as their preferred provider. However an important indicator of

## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

whether we are actually achieving the required outcomes for our customers post contract award is the level of customer satisfaction.

In 2012 our Customer Services Committee agreed a set of customer expectations that they would expect our services to meet. This year we introduced a new customer satisfaction survey to allow us to report on these. 85% of customers were satisfied with the overall service we delivered and only 4% were dissatisfied. We have consistently achieved high levels of customer satisfaction across the individual customer expectations as highlighted in the table above. Although we fell short of our ambitious target of 90%, the new survey uses a more robust methodology than the previous survey and is based on twice as many returns.

In May 2013 we held our first reward and recognition event at the Science Museum to celebrate customers involvement in working with us to improve services. The event was a great success and the idea came from the Customer Services Committee who proposed that we hold an annual event to celebrate customer involvement and recognise exceptional achievement.

In 2013/14 2,792 moved on from our support with just under two thirds of these being in a planned way. This is 25% more customers than moved on from our services in 2012/13.

Over 1,000 customers who moved on from our services achieved a positive outcome in relation to employment, education and training. This is 75% of all those who had an identified support need and 37% of all customers who moved on.

#### Contribution to health, social care and public health outcomes

The following case study is just one example of many in which our supported housing services have achieved a positive contribution to health, social care and public health outcomes as well as significant savings to the public purse:

**Andy aged 32, was diagnosed with schizoaffective disorder and bipolar affective disorder at the age of 18 and has a long history of acute in-patient admissions and safeguarding concerns owing to his particular vulnerabilities. Look Ahead's rehabilitation service has supported him to move to independent living within 18 months, which is less than half the time and less than half the weekly cost of the average traditional alternative. Approximately a year after moving to the rehabilitation service, Andy successfully applied to do a nursing diploma at City University. He also started voluntary work serving refreshments at Tower Hamlets Centre for Mental Health. After only 18 months at the scheme, Andy successfully moved nearby to his own permanent flat, where he has been supported by Look Ahead's floating mental health service. In the near future, as Andy becomes increasingly independent, the service plans to discharge him. It is estimated that this service has made an overall saving of £241,670 by supporting Andy to transition from in-patient service through to an independent flat in just 18 months. This service has the capacity to support 11 customers at any one time and is fully utilised.**

## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

#### Look Ahead's future plans for improving value for money

##### Continuing to deliver value for money to our customers and commissioners

Look Ahead's Business Plan 2014 was approved by the Board in March and clearly sets out Look Ahead's Corporate Strategy including our continued aim of improving value for money. This centres around:

- Continuing to deliver net contract growth by submitting bids for new services which offer the best value for money to our Commissioners. Our five year financial projections show our intention to achieve a net contract growth of £2 million per annum.
- Implementing the Living Wage so that all of our employees receive a sufficient level of income to support themselves. We anticipate this will have a positive impact on staff recruitment and retention and thus enhance the quality of services provided to our customers.
- Investing in customer-led initiatives to improve our services and customer outcomes.
- Developing a new IT strategy that enables our social care and landlord businesses to improve customer outcomes and at the same time deliver efficiencies.
- Ongoing containment of overhead costs by delivering efficiencies. Our financial projections show year on year improvements in our overhead rates with an overall aim to achieve a rate of 10% of turnover by 2019 which is the widely accepted benchmark for care and support contracts.
- Reducing our carbon footprint by moving to a paperless office.

##### Improving the social and economic return on our property assets

There are several initiatives that we will be pressing forward in 2014/15 as part of our asset management strategy to increase the social and economic return of our property assets:

- We will continue to use our existing property portfolio as leverage to secure higher value social care services.
- We are working in partnership with Slough Borough Council to utilise our property stock in the borough currently providing low support accommodation, to provide accommodation based services for customers with significant learning disabilities or mental health support needs, who will be moving from more costly placements.
- We will invest in one of our hostel buildings in Slough to convert the accommodation to a high support forensic service.
- In Tower Hamlets we are considering use of a 6 unit block of accommodation to provide a learning disability step down service which will enable customers to move on from our high support service at Mary Jones Court. This will free up valuable accommodation for customers requiring the support at Mary Jones Court.
- With our partners in Newham, we are considering proposals for using a recently decommissioned building, Ibis House, for high support mental health services. We will also continue to explore new business opportunities to utilise more units at the Flying Angel building.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

- We are continuing to explore options to use our property stock in Ealing to deliver high value care services.
- We will be completing the sale of a care home in Surrey which was recently decommissioned. We will sell a small portfolio of properties in Elmbridge which no longer support our social care business.
- We will be retendering our reactive and void maintenance contracts and concierge services to achieve better value for money.

#### Improving the social and economic return on our investment portfolio

The Board recently approved our forward investment strategy. The strategy has been amended and Rothschild, our investment managers, have been set an increased target to achieve an investment return of 2% above inflation (previously 1% above inflation). An annual investment income net of investment charges amounting to £0.2 million will be utilised to invest in innovation for our care and support services.

#### Improving our performance monitoring

In 2014 we are planning to roll out a new customer information management system which will enable us to monitor the positive outcomes of our customers in a more efficient and effective way which will deliver real improvements in our services and overall performance.

***A more detailed report on how Look Ahead's Board obtains assurance that Look Ahead is delivering value for money is on our website: [www.lookahead.org.uk](http://www.lookahead.org.uk)***

### **Surpluses and reserves**

The generation of a sustainable level of surpluses is a key element of Look Ahead's financial strategy, intended to maintain long term financial stability for the organisation, to meet the gearing and interest cover covenants of lenders and to cover unforeseen events.

Reserves are internally generated resources which are reinvested in our support services and assets, in particular our portfolio of housing stock which requires regular investment. More recently we have generated some one-off exceptional surpluses arising from the sale of our large hostels. The majority of the surpluses arising from these property sales have been invested with our Investment Managers, Rothschild.

### **Creditors**

Look Ahead aims to pay its suppliers according to their terms of business.

## **LOOK AHEAD CARE AND SUPPORT LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT**

#### **Employees**

At year end, Look Ahead's total full and part-time staffing complement stood at 975 Full Time Equivalent posts. The past year saw over 200 employees transferred to Look Ahead under the Transfer of Undertakings (Protection of Employment) Regulations 2006, following successful new business wins. We have 296 Personal Support Assistants registered and working within Look Ahead services supporting our strategy for more personalised services and enabling customers to exercise control and choice.

Both our Graduate Training Scheme and Apprenticeship Scheme continue to run successfully providing us with a wealth of new talent for the future. To complement our existing range of management development programmes, we have also introduced specialist development programmes in support of providing more complex services to our customers. Customer feedback continues to inform management and staff development.

During the year we conducted our annual staff feedback survey, achieving our highest response rate to date. Whilst the results demonstrated that staff engagement levels remain high, a corporate and local action plans have been put in place to address areas of concerns highlighted.

The Joint Negotiating and Consultative Committee continues to provide the formal mechanism for consultation between Look Ahead and our recognised trade union, Unison, and relationships remain positive.

The safety, health, and living and working environments of our customers and staff are of prime importance to the organisation. Policies and procedures are regularly updated via staff consultation at the Health and Safety Forum and good practice is reinforced. Emergency planning, both centrally and locally, ensures that Look Ahead is prepared and able to deal with emergencies, whether of short or long duration.

#### **Governance**

Look Ahead embraces the principles set out in the National Housing Federation's Excellence in Governance Code published in July 2010. The Board of Management is predominantly non-executive in its membership and is responsible for Look Ahead's overall direction and strategy. The Chief Executive joined the Board in November 2012. The members of the Board of Management are listed on page 3. Each of the non-executive members, other than the Chief Executive, is allocated one share for voting purposes but this does not entitle the member to a beneficial interest in Look Ahead.

Operational responsibility is delegated to the Chief Executive and Senior Management Team. The Chief Executive advises the Board on strategic issues. The Chief Executive, Executive Directors and Directors are listed on page 4. They have no beneficial interest in Look Ahead's share capital.

Board members are elected for a three year term at the Annual General Meeting, one third retiring by rotation each year. The Board reviews its operation and performance annually. It identifies the skills it requires in order to fulfil its function and recruits new members as required. This year we have continued the process of Board renewal as required by best

## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

governance practice. The Board has established a maximum term of office for its members and officers of six years.

The Board of Management is currently supported by:

- “ Performance Review Committee
- “ Customer Services Committee
- “ Urgency Committee
- “ Remuneration Committee

Members of these Committees are selected from the Board of Management, with the exception of the Customer Services Committee whose membership comprises up to 20 current Look Ahead customers and up to three Board members, one of whom is appointed as Chairman.

The **Performance Review Committee** is responsible for internal and external audit issues, risk management, setting and reviewing key performance indicators, and monitoring Look Ahead’s operational and financial performance.

The **Customer Services Committee** is a formally constituted committee of Look Ahead’s Board of Management. Its purpose is to provide a high level customer voice within the organisation, to optimise opportunities for customers across the organisation to play an active role in influencing service design and delivery and to feedback on quality, performance and outcomes information, contributing to continuous service improvement.

The **Urgency Committee** has full delegated authority to act on behalf of the Board for all urgent issues.

The **Remuneration Committee** establishes and reviews the organisation’s Remuneration Policy, and reviews the Chief Executive’s and Executive Directors’ remuneration annually. The Committee takes advice from an independent external consultant. Details of the Chief Executive’s remuneration and the total emoluments paid to the Executive Directors and Directors are shown in note 3 to the financial statements.

#### Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance of elimination of all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved and that the Association complies with applicable laws and regulations and with regulatory standards and internal policies with respect to the conduct of the business. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association’s assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded across all of Look Ahead’s activities. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed



## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

and is consistent with the principles of good governance outlined in the NHF's Excellence in Governance Code for Members (2010).

The Board delegated the monitoring of risk management and internal control to the Performance Review Committee (PRC) in 1997. The terms of reference and standing orders for the PRC and the delegated authorities contain the following elements:

“ Identification and evaluation of key risks

The PRC considers and recommends the organisation's business risk map and controls to the Board, and considers the annual review of key risks and the methods to be used for managing them.

The Chief Executive implements the risk management decisions of the Board, including the allocation of responsibility for risks to individual members of staff and the maintenance of an effective system of internal control. As part of overall risk management the PRC oversees Look Ahead's plans for continuity of service in the event of a major emergency.

“ Managing the risk of fraud

The Board has a strategy and policy on reporting loss, theft and fraud covering the prevention, detection and reporting of fraud and the recovery of assets. A register of all incidents of fraud and attempted fraud detected is maintained and appropriate follow up action taken to strengthen internal controls.

“ Monitoring and corrective action

The PRC meets four times a year and has responsibility for monitoring the effectiveness of the system of internal controls on an ongoing basis. It receives reports and, where appropriate, makes recommendations to the Board on internal controls, internal and external audit, accounts and financial compliance, performance and quality, probity, continuous improvement, quality and regulatory compliance. This includes a rigorous procedure for ensuring that corrective action is taken in relation to significant control issues, particularly those with a material impact on the financial statements.

“ Information and financial reporting systems

The Board approves the annual budget and also reviews and approves the long term financial forecasts contained in the business plan. The PRC receives quarterly reports on progress against budget, re-forecast information, as well as 12 month cashflow forecasts. It uses these reports to monitor financial performance during the year. The PRC and the Board also regularly review key operational performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

#### “ Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted, and disseminated to all employees, the NHF's Excellence in Governance Code (2010) through its Code of Conduct. This sets out the Association's policy and procedures with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. All employees and Board members also make an annual declaration of interests.

The Board has received the Chief Executive's annual reports, has conducted its review of the effectiveness of the system of internal control and has noted any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

#### **Reappointment of auditors**

A resolution to re-appoint BDO LLP as our external auditors will be proposed at the next Annual General Meeting.

#### **Statement of Board of Management's responsibilities**

The Board of Management are responsible for preparing the Board of Management's report and the financial statements in accordance with applicable law and regulations.

Law applicable to Industrial and Provident Societies and registered social housing providers in England require the Board of Management to prepare financial statements for each financial year. Under that law, the Board of Management have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements the board is required to:

- “ Select suitable accounting policies and then apply them consistently
- “ Make judgements and estimates that are reasonable and prudent
- “ Observe the methods and principles in the Housing SORP; and

## LOOK AHEAD CARE AND SUPPORT LIMITED

### REPORT OF THE BOARD OF MANAGEMENT

“ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board of Management are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002 and the Housing and Regeneration Act 2008. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

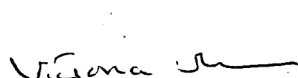
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

“ so far as that director is aware, there is no relevant audit information of which the associations auditors are unaware, and

“ each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the associations auditors in connection with preparing their report and to establish that the associations auditors are aware of that information.

The Association is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

By order of the Board of Management



**Victoria Stark CBE**  
**Secretary**  
**17 June 2014**

## LOOK AHEAD CARE AND SUPPORT LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOOK AHEAD CARE AND SUPPORT LIMITED

We have audited the financial statements of Look Ahead Care and Support for the year ended 31 March 2014 which comprise the group and association income and expenditure accounts, the group and association statements of total recognised surpluses and deficits, the group and association balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### ***Respective responsibilities of the board and auditors***

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

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

#### ***Opinion on financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2014 and of the group's and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England from April 2012.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOOK AHEAD CARE AND SUPPORT LIMITED

#### *Matters on which we are required to report by exception*

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP, statutory auditor  
London, United Kingdom  
17 June 2014

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

## LOOK AHEAD CARE AND SUPPORT LIMITED

### INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

	Note	Group 2014	Association 2014	Group 2013	Association 2013
		£'000	£'000	£'000	£'000
<b>Turnover</b>	<b>2</b>	<b>52,564</b>	<b>52,564</b>	46,430	46,430
Operating costs	2	(50,131)	(50,131)	(44,789)	(44,800)
<b>Operating surplus</b>	<b>2</b>	<b>2,433</b>	<b>2,433</b>	1,641	1,630
Surplus on disposal of fixed assets	19	201	201	9,908	9,908
Interest receivable and similar income		365	365	398	398
Look Ahead Developments gift aid		-	-	-	1
Investment charges payable	7	(280)	(280)	(221)	(221)
Interest payable and similar charges	5	(332)	(332)	(357)	(357)
<b>Surplus for the year</b>		<b>2,387</b>	<b>2,387</b>	11,369	11,359
<b>Retained revenue surplus for the year</b>		<b>2,387</b>	<b>2,387</b>	11,369	11,359

All of Look Ahead's operations are continuing.

**LOOK AHEAD CARE AND SUPPORT LIMITED**

**STATEMENT OF TOTAL RECOGNISED SURPLUSES FOR THE YEAR ENDED  
31 MARCH 2014**

	Note	Group 2014	Association 2014	Group 2013	Association 2013
		£'000	£'000	£'000	£'000
<b>Surplus for the year</b>		<b>2,387</b>	<b>2,387</b>	11,369	11,359
Actuarial gain on Local Government Pension Schemes		<b>33</b>	<b>33</b>	98	98
Unrealised (loss)/gain on Investment	7	<b>(655)</b>	<b>(655)</b>	2,965	2,965
<b>Unrestricted surplus for the year</b>		<b>1,765</b>	<b>1,765</b>	14,432	14,422
<b>Restricted surplus for the year</b>		<b>36</b>	<b>36</b>	22	22
<b>Total recognised surplus relating to the year</b>		<b>1,801</b>	<b>1,801</b>	14,454	14,444

**RECONCILIATION OF MOVEMENT IN FUNDS FOR THE YEAR ENDED  
31 MARCH 2014**

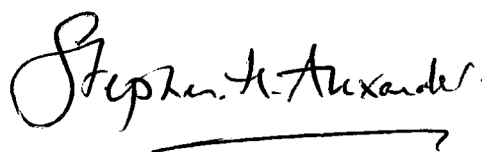
	Group 2014	Association 2014	Group 2013	Association 2013
	£'000	£'000	£'000	£'000
<b>Total recognised surplus relating to the year</b>	<b>1,801</b>	<b>1,801</b>	14,454	14,444
Opening total funds	<b>60,965</b>	<b>60,965</b>	46,511	46,521
<b>Closing total funds</b>	<b>62,766</b>	<b>62,766</b>	60,965	60,965

# LOOK AHEAD CARE AND SUPPORT LIMITED

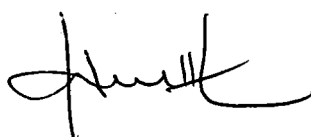
## BALANCE SHEETS AS AT 31 MARCH 2014

	Note	Group 2014	Association 2014	Group 2013	Association 2013
		£'000	£'000	£000	£000
<b>Fixed assets</b>					
Housing properties	7	128,820	128,820	128,854	128,854
Less: Social Housing Grant	7	(93,226)	(93,226)	(93,437)	(93,437)
Other public grants	7	(1,611)	(1,611)	(1,611)	(1,611)
		<u>33,983</u>	<u>33,983</u>	<u>33,806</u>	<u>33,806</u>
Investments	7	43,982	43,982	41,092	41,092
Other tangible assets	7	1,939	1,939	1,632	1,632
		<u>79,904</u>	<u>79,904</u>	<u>76,530</u>	<u>76,530</u>
<b>Total fixed assets</b>					
<b>Current assets</b>					
Debtors	9	4,572	4,612	3,426	3,417
Cash at bank and in hand		1,334	1,297	2,133	2,133
Short term deposits		4,750	4,750	5,712	5,712
		<u>10,656</u>	<u>10,659</u>	<u>11,271</u>	<u>11,262</u>
<b>Total current assets</b>					
<b>Creditors</b>					
Amounts falling due within one year	10	(10,564)	(10,567)	(7,800)	(7,791)
		<u>92</u>	<u>92</u>	<u>3,471</u>	<u>3,471</u>
<b>Net current assets</b>					
<b>Total assets less current liabilities</b>					
		<u>79,996</u>	<u>79,996</u>	<u>80,001</u>	<u>80,001</u>
<b>Creditors</b>					
Amounts falling due after more than one year	11	17,228	17,228	19,004	19,004
<b>Net pension liability</b>					
	12	2	2	32	32
<b>Capital and reserves</b>					
Restricted reserves	16	162	162	126	126
Revenue reserve	16	62,604	62,604	60,839	60,839
		<u>62,766</u>	<u>62,766</u>	<u>60,965</u>	<u>60,965</u>
		<u>79,996</u>	<u>79,996</u>	<u>80,001</u>	<u>80,001</u>

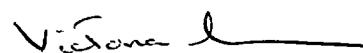
The financial statements on pages 22 to 56 were approved and authorised for issue by the Board of Management on 17 June 2014 and were signed on its behalf by:



**Stephen Alexander**  
Chairman



**Jane Hives**  
Board Member



**Victoria Stark CBE**  
Secretary



**LOOK AHEAD CARE AND SUPPORT LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31 MARCH 2014**

	Note	2014		2013	
		£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	<b>21(a)</b>		<b>3,468</b>		4,252
<b>Returns on investments and servicing of finance</b>					
Interest received		362		398	
Interest paid		(274)		(357)	
			<b>88</b>		41
<b>Capital expenditure</b>					
Acquisition and construction of housing properties		(687)		(2,208)	
Proceeds of sale from fixed assets		446		13,570	
Purchase of other tangible fixed assets		(981)		(755)	
Purchase of Investments		(3,825)		(9,558)	
			<b>(5,047)</b>		1,049
<b>Financing</b>					
Housing loans repaid		(270)		(242)	
			<b>(270)</b>		(242)
<b>(Decrease) / increase in cash</b>	<b>21(b)</b>		<b>(1,761)</b>		5,100

# LOOK AHEAD CARE AND SUPPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable financial reporting standards in the United Kingdom, and with the Statement of Recommended Practice (SORP) ~~Accounting by registered social housing providers Update 2010q~~ They also comply with the Accounting Direction for Private Registered Providers of Social Housing 2012. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting with the exception of investments, which are accounted for at valuation.

#### **Basis of consolidation**

The Group financial statements consolidate Look Ahead Care and Support Limited (the Association) and its wholly owned subsidiary Look Ahead Developments Limited. Unless otherwise stated, the notes to the financial statements relate both to the Group and the Association entity. The Group Accounts have been prepared under the requirements of the Industrial and Provident Societies Act.

#### **Turnover**

Turnover represents contract income from local authorities and health authorities, fees and revenue based grants receivable from local authorities, health authorities, the Homes and Communities and other agencies, rent and service charge income receivable and charitable donations from individuals, companies and trusts.

#### **Housing properties**

Housing properties are stated at cost less depreciation except where their value to the business has been impaired such that it is lower than net book value. The cost of properties is their purchase price, together with incidental costs of acquisition including interest payable, and any subsequent improvements.

Depreciation is calculated on the cost of properties and their major components net of capital grants and is charged on a straight-line basis over their expected useful economic lives as shown below. Freehold land is not depreciated.

Structure - Supported Housing	100 years
Structure - Registered Care Homes	100 years
Structure - Hostels	30 years
Bathroom	30 years
Kitchen	20 years
Roof (depending on type)	15-50 years

Impairment in the value of housing properties is recognised by writing them down to their recoverable amount. The recoverable amount is the higher of open market value with vacant possession and value in use. Any resulting losses are charged to the

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

income and expenditure account in the year in which the impairment is recognised.

**Other tangible fixed assets and depreciation**

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets. The principal annual rates used are:

Office improvement works	Remaining length of lease
Office furniture and equipment	between 10% and 20%
Furniture and equipment in projects	between 10% and 50%
White goods	20%
Computer equipment	between 33 $\frac{1}{3}$ % and 50%

**Social Housing Grant**

Where developments have been financed wholly or partly by Social Housing Grant the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the balance sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

Social Housing Grant on sold property is usually transferred to the Recycled Capital Grant Fund for future use; it may nevertheless become repayable if it is not reused within 3 years. The amount repayable would be restricted to the net proceeds of sale, where appropriate.

**Other public grants**

Other public grants include grants from local authorities and other public bodies. Where developments have been financed wholly or partly by other public grants, the costs of these developments have been reduced by the amount of grant receivable on these properties. The amount of the grants receivable is shown separately on the balance sheet. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

**Capitalisation of development overheads**

Directly attributable development administration costs are capitalised. These include the labour costs of employees arising directly from the construction or acquisition of the property, and the incremental costs that would have been avoided only if the property had not been constructed or acquired.

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Stocks**

Consumable stocks are expensed in the period in which they are purchased.

**Sale of Fixed Assets**

In the event of a sale of a property, the net surplus or deficit is taken to be sale proceeds less costs of sale. Any Social Housing Grant related to the property is recycled. Any Surplus arising from the sale is recognised on the face of the Income and Expenditure in the period of sale.

**Pension costs**

Look Ahead participates in four multi-employer defined benefit schemes: two Social Housing Pension Schemes (SHPS) available to permanent employees; one Local Government Pension Scheme (LGPS) for staff who transferred in 2009 under TUPE from the London Borough of Tower Hamlets and the NHS Pension Scheme for staff who transferred in 2013 under TUPE in respect of a former NHS learning disability scheme in Kensington and Chelsea. Since 1 April 2011 membership of the defined benefit schemes have closed to new members and Look Ahead now offers the SHPS defined contribution scheme to all new staff.

The Social Housing Pension Scheme defined benefit schemes are operated by the Pensions Trust. Contributions to these pension schemes are calculated as a percentage of pensionable salaries of the employees, determined in accordance with actuarial advice plus past deficit contributions. It is not possible to separately determine the proportion of the total pension schemes' assets and liabilities that are attributable to Look Ahead. The cost of providing retirement pensions and related benefits is charged, therefore, to the income and expenditure account on the basis of contributions paid to the scheme.

For the Local Government Pension Scheme, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

For the NHS Pension Scheme, contributions are calculated as a percentage of salaries and enhanced payments of the employees, determined by the NHS Pension Scheme. It is not possible to separately determine the proportion of the total pension schemes' assets and liabilities that are attributable to Look Ahead. The cost of providing retirement pensions and related benefits is charged, therefore, to the income and expenditure account on the basis of contributions paid to the scheme.

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Provisions**

Provisions are recognised when Look Ahead has a present legal or constructive obligation as a result of a past event, and it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A provision is made for rental and service charge income arrears and is calculated as 5 % of current tenant debit balances and 100% of former tenant debit balances.

**Value Added Tax**

Income from Look Ahead's large central London hostel is subject to VAT, which in turn entitles it to recover VAT incurred on related expenditure from HM Revenue and Customs. All other main income streams are exempt from or outside the scope of VAT, which result in a VAT cost on associated expenditure. As only part of its activities is taxable, Look Ahead performs a partial exemption calculation which allows it to recover a proportion of the VAT incurred on its office overheads. The financial statements include only the VAT that is suffered by Look Ahead and not recovered from HM Revenue and Customs. The balance of VAT payable at the year end is shown as a current liability.

**Interest**

Interest charged on index linked loans reflects the effective annual cost of financing those loans. Interest payable relating to the construction of housing properties is capitalised by applying Look Ahead's cost of borrowing to expenditure during the construction of the property up to the date of practical completion.

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Agency managed accommodation**

Where accommodation is managed for Look Ahead by a specialist agency and all, or substantially all, the economic risks and benefits are carried by Look Ahead, all income and expenditure relating to that scheme is included in the income and expenditure account. Where the economic risks and benefits are transferred to the agency, only that income and expenditure which relates directly to Look Ahead is included.

**Related party transactions**

There have been no related party transactions during the year.

## **LOOK AHEAD CARE AND SUPPORT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

#### **1. PRINCIPAL ACCOUNTING POLICIES (continued)**

##### **Investments**

Listed Investments are stated at market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Total Recognised Surpluses. The unlisted investment in the trading subsidiary is stated at cost.

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

2. LETTINGS AND RELATED INFORMATION

(a) Particulars of turnover, operating costs and operating surplus

	Group 2014		
	Turnover	Operating Costs	Operating surplus / (deficit)
	£'000	£'000	£'000
<b>Income and expenditure from lettings (note 2b)</b>	<b>17,674</b>	<b>(15,453)</b>	<b>2,221</b>
<b>Other income and expenditure</b>			
Care & Support contracts	34,462	(34,489)	(27)
Development	-	(31)	(31)
<b>Non-social housing activities</b>			
Commercial property	204	(158)	46
Other	224	-	224
<b>Total</b>	<b>52,564</b>	<b>(50,131)</b>	<b>2,433</b>

	Group 2013		
	Turnover	Operating Costs	Operating surplus / (deficit)
	£000	£000	£000
<b>Income and expenditure from lettings (note 2b)</b>	<b>14,107</b>	<b>(11,956)</b>	<b>2,151</b>
<b>Other income and expenditure</b>			
Care & Support contracts	31,750	(32,738)	(988)
Development	-	(27)	(27)
<b>Non-social housing activities</b>			
Commercial property	219	(78)	141
Other	354	10	364
<b>Total</b>	<b>46,430</b>	<b>(44,789)</b>	<b>1,641</b>

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

2. LETTINGS AND RELATED INFORMATION (continued)

(a) Particulars of turnover, operating costs and operating surplus (continued)

	Association 2014		
	Turnover	Operating Costs	Operating surplus / (deficit)
	£'000	£'000	£'000
<b>Income and expenditure from lettings (note 2b)</b>	<b>17,674</b>	<b>(15,453)</b>	<b>2,221</b>
<b>Other income and expenditure</b>			
Care & Support contracts	34,462	(34,489)	(27)
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<b>Non-social housing activities</b>			
Commercial property	204	(158)	46
Other	224	-	224
<b>Total</b>	<b>52,564</b>	<b>(50,131)</b>	<b>2,433</b>

	Association 2013		
	Turnover	Operating Costs	Operating surplus / (deficit)
	£'000	£'000	£'000
<b>Income and expenditure from lettings (note 2b)</b>	<b>14,107</b>	<b>(11,956)</b>	<b>2,151</b>
<b>Other income and expenditure</b>			
Care & Support contracts	31,750	(32,738)	(988)
Development	-	(27)	(27)
<b>Non-social housing activities</b>			
Commercial property	219	(78)	141
Other	354	(1)	353
<b>Total</b>	<b>46,430</b>	<b>(44,800)</b>	<b>1,630</b>



2. LETTINGS AND RELATED INFORMATION (continued)

(b) Particulars of income and expenditure from lettings

	Group and Association	
	Supported Housing	
	2014	2013
	£'000	£000
<b>Income from lettings</b>		
Rent receivable net of voids	11,042	8,775
Service income	6,632	5,332
<b>Total income from lettings</b>	17,674	14,107
<b>Expenditure on letting activities</b>		
Services	5,322	4,069
Management	7,120	5,173
Maintenance	1,676	1,459
Major repairs	252	291
Depreciation of properties	444	438
Rent and service charge losses from bad debts	639	526
<b>Total expenditure on lettings</b>	15,453	11,956
<b>Operating surplus on letting activities</b>	2,221	2,151

Net rental income includes voids of £688,000 (2013: £569,000): this is rent lost through dwellings being vacant.

2. LETTINGS AND RELATED INFORMATION (continued)

(c) Accommodation in management

	<b>Group and Association</b>	
	<b>2014</b>	<b>2013</b>
	<b>Number of Units</b>	<b>Number of Units</b>
Supported housing	<b>2,436</b>	2,037
Registered care homes	<b>92</b>	92
Other	<b>13</b>	13
	<b>2,541</b>	2,142
	<b>Number of customers</b>	<b>Number of customers</b>
Domiciliary and other customers	<b>5,784</b>	4,276

2. LETTINGS AND RELATED INFORMATION (continued)

(d) Agency managed accommodation

The following organisations manage accommodation on behalf of Look Ahead. Their results have not been included within these financial statements.

Managing body	Group and Association			
	Net Income Receivable			
	31 March 2014		31 March 2013	
	£'000	Number of units	£'000	Number of units
Ability Housing	56	12	56	12
CAYSH	34	7	40	7
East Thames	11	5	5	5
Equinox	52	10	54	10
Family Mosaic	70	15	29	15
London Cyrenians	140	28	-	-
One Housing	85	21	98	21
Refuge	77	15	63	15
Support for Living	78	6	39	6
Turnstone Support	9	5	8	5
<b>Total</b>	<b>612</b>	<b>124</b>	<b>392</b>	<b>96</b>

**LOOK AHEAD CARE AND SUPPORT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

**2. LETTINGS AND RELATED INFORMATION (continued)**

**(e) Services provided in accommodation owned by RSLs and other public bodies**

Registered Provider	Group and Association			
	Income payable by Look Ahead Care and Support			
	31 March 2014		31 March 2013	
	£'000	Number of units	£'000	Number of units
a2dominion	-	-	1	6
Amicus Horizon	125	33	94	33
Ashdown Medway Accommodation	77	17	28	18
Casa Support	-	-	-	7
Central & Cecil Housing	68	24	56	24
Circle Anglia	-	14	-	14
East Living	69	18	67	18
Family Mosaic	56	20	49	20
Gateway HA	31	7	-	-
Genesis HA	184	52	-	-
Greenwich Council	28	8	34	8
Hackney PCT	-	15	-	15
Haringey Council	1	2	-	-
Hestia	18	8	-	-
Hexagon	56	42	99	42
Hillingdon Council	-	33	-	24
Hyde HA	346	108	183	102
London & Quadrant Housing Trust	812	261	637	254
MHS Homes	15	5	-	-
Moat	83	38	86	38
Network Stadium	200	81	21	8
Notting Hill HA	347	66	185	35
One Housing Group	81	12	61	12
Peabody Trust	207	66	207	46
RB Kensington & Chelsea	50	28	-	-
Salvation Army HA	273	163	129	45
Shepherds Bush HA	55	12	20	6
St Mungo's	350	100	-	-
Stonham	-	-	14	8
Sutton Housing Society	-	-	11	6
Theori	52	6	60	6
Town and Country	15	8	-	-
Wandle HA	50	13	17	13
<b>Total</b>	<b>3,649</b>	<b>1,260</b>	<b>2,059</b>	<b>808</b>

## LOOK AHEAD CARE AND SUPPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

#### 2. LETTINGS AND RELATED INFORMATION (continued)

The information above relates to accommodation owned by other registered social landlords (RSLs) and public bodies. Look Ahead Care and Support either provide a housing management and support service in these units or deliver a support or social care service in properties owned by these organisations.

#### 3. DIRECTORS' AND SENIOR STAFF EMOLUMENTS

The remuneration paid to members of the Board of Management, the Chief Executive and the Senior Management Team was as follows:

	<b>Salaries</b>	<b>Pension</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>contributions</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments paid to Directors (including Chief Executive)	<b>598</b>	<b>51</b>	<b>649</b>	726
Board members	<b>58</b>	<b>-</b>	<b>58</b>	47

The amount paid to the Chief Executive, excluding pension contributions, was £172,640 (2013: £160,255). The Chief Executive is a member of the Board of Management and does not receive payment for services performed in this capacity.

The amount paid to the highest paid Director, excluding pension contributions, was £172,640 (2013: £221,654). In the previous period the highest paid Director was not the Chief Executive due to payments in lieu of notice on termination of employment of another Director.

Total expenses of £nil (2013: £nil) were reimbursed to the members of the Board of Management.

The Chief Executive and salaried Directors are entitled to ordinary membership of Look Ahead's pension scheme. No special terms or funded individual pension arrangements apply to these posts.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

#### 3. DIRECTORS' AND SENIOR STAFF EMOLUMENTS (continued)

	2014 Number	2013 Number
Salary banding for all employees earning over £60,000 (including salaries, bonus and any termination payments):		
£60,000 - £70,000	5	2
£70,001 - £80,000	-	2
£80,001 - £90,000	1	2
£90,001 - £100,000	1	-
£100,001 - £110,000	1	-
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£160,001 - £170,000	-	1
£170,001 - £180,000	1	-
£220,001 - £230,000	-	1
	<u>11</u>	<u>9</u>

#### 4. EMPLOYEE INFORMATION

	Group and Association	
	2014 Number	2013 Number
The number of people, including the Chief Executive and the Directors, employed at the year end expressed as full time equivalents was:		
Office staff	79	77
Housing, support and care staff	896	862
	<u>975</u>	<u>939</u>
The average number of employees (expressed as full time equivalents) employed during the year was:		
	<u>957</u>	<u>891</u>

## LOOK AHEAD CARE AND SUPPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

#### 4. EMPLOYEE INFORMATION (continued)

<b>Staff costs for these employees were:</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£000</b>
Wages and salaries	<b>24,461</b>	23,221
Social security costs	<b>2,026</b>	1,875
Other pension costs (see note 12)	<b>1,286</b>	1,188
	<b>27,773</b>	26,284
Contract staff employed through agencies	<b>2,331</b>	1,305
Personal Support Assistant costs	<b>1,528</b>	1,311
<b>Total staffing costs</b>	<b>31,632</b>	28,900

Included in the amounts above are wages and salaries for Board members amounting to £58,000 (2013: £47,000) and social security costs of £3,000 (2013: £1,000)

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<b>Group and Association</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£000</b>
<b>On bank and other loans</b>	<b>332</b>	<b>357</b>

6. SURPLUS FOR THE YEAR

	<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£000</b>	<b>£000</b>
<b>Surplus for the year is stated after charging:</b>				
<b>Depreciation of fixed assets</b>	<b>1,152</b>	<b>1,152</b>	<b>1,135</b>	<b>1,135</b>
<b>Auditors remuneration (excluding VAT):</b>				
In their capacity as auditors	<b>32</b>	<b>31</b>	<b>30</b>	<b>30</b>
In respect of other services	<b>1</b>	<b>1</b>	<b>5</b>	<b>5</b>
<b>Hire of non-plant and machinery assets under operating leases</b>	<b>90</b>	<b>90</b>	<b>66</b>	<b>66</b>



# LOOK AHEAD CARE AND SUPPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 7. TANGIBLE FIXED ASSETS

#### (a) Housing properties

	Group and Association
	Completed housing properties
	£'000
<hr/>	
<b>Cost</b>	
At 1 April 2013	133,354
Schemes completed	-
Additions	687
Disposals	(274)
	<hr/>
<b>At 31 March 2014</b>	<b>133,767</b>
<b>Depreciation</b>	
At 1 April 2013	(4,480)
Depreciation charge for the year	(484)
Disposals	37
	<hr/>
<b>At 31 March 2014</b>	<b>(4,927)</b>
<b>Impairment</b>	
At 1 April 2013	(20)
Charge for the year	-
Disposals	-
	<hr/>
<b>At 31 March 2014</b>	<b>(20)</b>
<b>Net cost</b>	
<b>At 31 March 2014</b>	<b>128,820</b>
	<hr/>
At 31 March 2013	128,854
	<hr/>

LOOK AHEAD CARE AND SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

7. TANGIBLE FIXED ASSETS (continued)

(a) Housing properties (continued)

	Group and Association Completed housing properties	
	£'000	
<b>Social Housing Grant</b>		
At 1 April 2013	93,437	
Transferred on completion	-	
Additions	-	
Disposals	(211)	
<b>At 31 March 2014</b>	<b>93,226</b>	
<b>Other Public Grants</b>		
At 1 April 2013	1,611	
<b>At 31 March 2014</b>	<b>1,611</b>	
<b>Total Grants</b>	<b>94,837</b>	
<b>Net book value at 31 March 2014</b>	<b>33,983</b>	
At 31 March 2013	33,806	
	<b>2014</b>	2013
	<b>£'000</b>	£'000
<b>Housing properties at net cost comprise:</b>		
Freehold	<b>117,252</b>	117,268
Long leaseholds	<b>11,261</b>	11,273
Short leaseholds	<b>307</b>	313
	<b>128,820</b>	128,854

## 7. TANGIBLE FIXED ASSETS (continued)

## (b) Other tangible assets

	Office improvement works £000	Furniture & equipment £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 April 2013	63	3,140	1,771	4,974
Additions	6	689	286	981
Disposals	-	(9)	-	(9)
<b>At 31 March 2014</b>	<b>69</b>	<b>3,820</b>	<b>2,057</b>	<b>5,946</b>
<b>Depreciation</b>				
At 1 April 2013	(6)	(1,901)	(1,435)	(3,342)
Charge for the year	(6)	(363)	(299)	(668)
Disposals	-	3	-	3
<b>At 31 March 2014</b>	<b>(12)</b>	<b>(2,261)</b>	<b>(1,734)</b>	<b>(4,007)</b>
<b>Net book value at 31 March 2014</b>	<b>57</b>	<b>1,559</b>	<b>323</b>	<b>1,939</b>
At 31 March 2013	57	1,239	336	1,632

## (c) Social Housing Grant

	2014 £'000	2013 £000
<b>SHG deducted from the cost of housing properties</b>	<b>93,226</b>	93,437
<b>Add: cumulative amount credited to income and expenditure account</b>	<b>3,824</b>	3,824
<b>Total SHG received to date</b>	<b>97,050</b>	97,261

The cumulative amount of SHG credited to the income and expenditure account includes **£nil** (2013: £nil) to cover administrative and other internally generated costs incurred in the year.

## 7. TANGIBLE FIXED ASSETS (continued)

## (d) Fixed Asset Investments

Market Value	Group and Association	
	2014 £'000	2013 £000
At 1 April 2013	41,092	28,790
Additions	3,825	9,558
Investment charges	(280)	(221)
Unrealised (loss) / gain	(655)	2,965
<b>At 31 March 2014</b>	<b>43,982</b>	<b>41,092</b>
Historical cost	41,547	38,002

Market Value	Group and Association	
	2014 £'000	2013 £000
Money market	7,786	4,943
Fixed income securities	10,332	18,300
Equities	20,332	13,069
Properties	-	710
Alternative investments	5,532	4,070
<b>At 31 March 2014</b>	<b>43,982</b>	<b>41,092</b>

## 8. INVESTMENT IN SUBSIDIARY

	2014 £	2013 £
<b>Look Ahead Developments Limited</b>	<b>1</b>	<b>1</b>

Look Ahead Care And Support Limited owns 100% of the share capital of Look Ahead Developments Limited. The subsidiary was incorporated in England as a trading company on 12 February 2008 to provide construction, design and build services. During the year, Look Ahead Developments Limited provided construction services to Look Ahead Care And Support Limited.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

#### 9. DEBTORS

	<b>Group 2014 £'000</b>	<b>Association 2014 £'000</b>	<b>Group 2013 £000</b>	<b>Association 2013 £000</b>
Amounts receivable within one year:				
Gross rental debtors	<b>2,162</b>	<b>2,162</b>	1,811	1,811
Less: provision for bad debts	<b>(842)</b>	<b>(842)</b>	(584)	(584)
Net rental debtors	<b>1,320</b>	<b>1,320</b>	1,227	1,227
Trade debtors	<b>2,761</b>	<b>2,744</b>	1,863	1,821
Prepayments and accrued income	<b>436</b>	<b>436</b>	256	256
Other debtors	<b>55</b>	<b>35</b>	80	80
Look Ahead Developments Limited	-	<b>77</b>	-	33
	<b>4,572</b>	<b>4,612</b>	3,426	3,417

#### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>Group 2014 £'000</b>	<b>Association 2014 £'000</b>	<b>Group 2013 £000</b>	<b>Association 2013 £000</b>
Housing loans	<b>291</b>	<b>291</b>	270	270
Trade creditors	<b>561</b>	<b>560</b>	1,238	1,238
VAT	<b>23</b>	<b>23</b>	22	22
Other creditors	<b>4,102</b>	<b>4,102</b>	3,097	2,881
Accruals and deferred income	<b>3,835</b>	<b>3,785</b>	3,173	3,173
Recycled capital grant fund (note 20)	<b>1,752</b>	<b>1,752</b>	-	-
Look Ahead Developments Limited	-	<b>54</b>	-	207
	<b>10,564</b>	<b>10,567</b>	7,800	7,791

## 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group and Association	
	2014 £'000	2013 £'000
Housing loans	7,142	7,434
Recycled capital grant fund (Note 20)	10,086	11,570
	<u>17,228</u>	<u>19,004</u>
<b>Housing loans consist of the following:</b>		
<b>Lender</b>		
Newcastle Building Society	2,237	2,364
Dexia Public Finance Bank	4,914	5,054
Orchardbrook Ltd	283	285
	<u>7,434</u>	<u>7,703</u>
<b>Amounts owed on housing properties repayable:</b>		
In one year or less (included in current liabilities)	291	270
Between one and two years	313	291
Between two and five years	1,096	1,016
In five years or more, by instalments	5,734	6,126
	<u>7,434</u>	<u>7,703</u>

Housing loans are secured by specific charges on Look Ahead's housing properties, and are repayable at rates of interest varying between **1.00%** and **11.04%**.

**12. PENSION OBLIGATIONS**

**a) Social Housing Pension Scheme (SHPS)**

Look Ahead Care and Support participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the SHPS House Policies and Rules Employer Guide.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

Final salary with a 1/60th accrual rate.

Final salary with a 1/70th accrual rate.

Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

Final salary with a 1/80th accrual rate.

Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010; from 1 January 2014 the defined contribution membership included staff joining the scheme through automatic enrolment.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Look Ahead has operated the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for active members as at 31 March 2007 and the final salary with a 1/70<sup>th</sup> accrual rate benefit structure for new entrants from 1 April 2007. Active members as at 31 March 2007 could also opt in to the final salary with a 1/70<sup>th</sup> accrual rate benefit structure from 1 April 2007. The 1/60<sup>th</sup> scheme was closed to new members as of 31 March 2007.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits

12. PENSION OBLIGATIONS (continued)

are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Look Ahead paid contributions at the rate of 1% to 23% member contributions varied between 1% and 13.6%.

As at the balance sheet date there were 927 active members of the Scheme employed by Look Ahead. The annual pensionable payroll in respect of these members was £17.2m. Look Ahead continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

<b>Valuation Discount Rates:</b>	<b>% p.a.</b>
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation (RPI)	2.9
<b>Pension Increases:</b>	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.



**12. PENSION OBLIGATIONS (continued)**

The valuation was carried out using the following demographic assumptions:

Mortality pre-retirement . 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI\_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

Mortality post retirement . 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI\_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

The long-term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

<b>Benefit Structure</b>	<b>Long-term Joint Contribution Rate (% of pensionable salaries)</b>
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

**12. PENSION OBLIGATIONS (continued)**

(\*) The contributions of 7.5% will be expressed in nominal pound terms (for each Employer), increasing each year in line with the Earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

These deficit contributions are in addition to the long-term joint contribution rates as set out above.

The next formal valuation of the Scheme will begin later this year and will give an update on the financial position as at 30 September 2014. The results of this valuation will be available in Spring 2016.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan).

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

**12. PENSION OBLIGATIONS (continued)**

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any orphan liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

**b) Local Government Pension Schemes**

The Group participates in one Local Government Pension Scheme, a defined benefit statutory scheme administered by the London Borough of Tower Hamlets. All scheme assets are held in separate funds administered by the Trustees of the scheme; the latest formal valuation was completed as at 31 March 2013.

The charge to the income and expenditure for the year was £13,000 (2013: £10,000). The net pension liability in respect of the plan is £2,000 (2013: £32,000).

**c) NHS Pension Scheme**

Look Ahead Care and Support also contributes to the NHS Pension scheme in respect of staff employed at one former NHS Learning Disabilities service. For the NHS Pension Scheme, contributions are calculated as a percentage of salaries and enhanced payments of the employees, determined by the NHS Pension Scheme. It is not possible to separately determine the proportion of the total pension scheme's assets and liabilities that are attributable to Look Ahead. The cost of providing retirement pensions and related benefits is charged, therefore, to the income and expenditure account on the basis of contributions paid to the scheme.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

#### 13. CALLED-UP SHARE CAPITAL

Each of the Association's members holds one share of £1 in Look Ahead Care and Support Limited. These shares carry no dividend rights and are redeemable on cessation of membership, if the member so chooses. Each member has the right to vote at members meetings, but no rights to dividends or distributions upon winding up. All members of the Board of Management are members of Look Ahead.

	<b>2014</b>	2013
	<b>£</b>	£
Allotted, issued and fully paid at 1 April 2013	<b>20</b>	17
Issued during the year	-	3
<b>At 31 March 2014</b>	<b>20</b>	20

#### 14. LEGISLATIVE PROVISIONS

Look Ahead Care and Support Limited is incorporated under the Industrial and Provident Societies Act 1965.

#### 15. TAXATION

Look Ahead Care and Support Limited is a charitable social landlord and is not subject to Corporation Tax.

## LOOK AHEAD CARE AND SUPPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

#### 16. MOVEMENTS IN RESERVES - GROUP

	Restricted reserves	Revenue reserve	Total
	£'000	£'000	£'000
At 1 April 2013	126	60,839	60,965
Surplus for the year	36	2,387	2,423
Actuarial gain on pension scheme	-	33	33
Unrealised loss on investments	-	(655)	(655)
<b>At 31 March 2014</b>	<b>162</b>	<b>62,604</b>	<b>62,766</b>

At 31 March 2014, the revenue reserve included a **£2,000** defined benefit pensions liability (2013: **£32,000** liability) arising from Look Ahead's participation in one Local Government Pension Scheme (refer to note 12(b)).

The revenue reserves reflect the Group's accumulated accounting surpluses. These reserves are internally generated resources which are reinvested in our support services and assets, in particular our portfolio of housing stock which requires regular investment. More recently we have generated some one-off exceptional surpluses arising from the sale of our large hostels. The majority of the surpluses arising from these property sales have been invested with our Investment Managers, Rothschild.

Restricted reserves relate to fundraising income which is yet to be expended.

#### 17. CAPITAL COMMITMENTS

At 31 March 2014, the value of capital expenditure which had been contracted for but not provided for in the financial statements was **£nil**. (2013: £nil).

## LOOK AHEAD CARE AND SUPPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

#### 18. FINANCIAL COMMITMENTS

At 31 March 2014, Look Ahead had annual commitments under operating leases as follows:

	Group and Association			
	Land and buildings		Other	
	2014 £'000	2013 £000	2014 £'000	2013 £000
<b>Leases expiring:</b>				
Within one year	151	276	46	90
In two to five years	66	216	62	62

#### 19. SURPLUS ON DISPOSAL OF FIXED ASSETS

	Group and Association	
	2014 £'000	2013 £000
Net proceeds of sales	446	13,570
Cost of sales	(245)	(3,662)
<b>Net surplus on sales</b>	<b>201</b>	<b>9,908</b>

Surplus on disposal of fixed assets relates to property sales during the year.

# LOOK AHEAD CARE AND SUPPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 20. RECYCLED CAPITAL GRANT FUND

	Group and Association	
	2014 £'000	2013 £000
At 1 April 2013	11,570	7,937
Addition for the year	210	3,589
Utilised on developments	-	-
Repaid in year	-	-
Interest accrued	58	44
<b>At 31 March 2014</b>	<b>11,838</b>	<b>11,570</b>

### RECYCLED CAPITAL GRANT PAYMENTS DUE

	2014 £'000	2013 £000
Greater London Authority	11,728	11,460
Homes and Communities Agency	110	110
	<b>11,838</b>	<b>11,570</b>

## 21. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

**(a) Reconciliation of operating surplus to net cash flow from operating activities**

	2014	2013
	£'000	£000
Group operating surplus	2,469	1,663
Depreciation	1,152	1,135
Pensions operating charge	13	11
Pension contributions	(10)	(13)
(Increase)/decrease in debtors	(1,147)	288
Increase in creditors	991	1,168
<b>Total</b>	<b>3,468</b>	<b>4,252</b>

The group operating surplus consists of an unrestricted surplus of £2,433,000 (2013: £1,641,000) plus a restricted surplus of £36,000 (2013: £22,000).

**(b) Reconciliation of net cash flow to movement in net funds (note c)**

	2014	2013
	£'000	£000
(Decrease) / increase in cash in the period	(1,761)	5,100
Cash inflow / (outflow) from change in debt finance	2	(3,386)
Change in net debt	(1,759)	1,714
Net debt at 1 April 2013	(11,429)	(13,143)
<b>Net debt at 31 March 2014</b>	<b>(13,188)</b>	<b>(11,429)</b>

**(c) Analysis of changes in net funds**

	At 1 April 2013	Cash flows	At 31 March 2014
	£000	£000	£000
<b>Liquid resources:</b>			
Cash in hand and at bank	7,845	(1,761)	6,084
Debt due within 1 year	(270)	(1,774)	(2,044)
Debt due after 1 year	(19,004)	1,776	(17,228)
<b>Total</b>	<b>(11,429)</b>	<b>(1,759)</b>	<b>(13,188)</b>