FRIENDS OF THE ELDERLY

(Company limited by guarantee and not having a share capital)

Report and Financial Statements for the 18 months ended 31 March 2013

Registered Company No: 133850

Registered Charity No: 226064

Index

1) **Charity Name**
Friends of the Elderly

2) **Registered Office**
40-42 Ebury Street
London SW1W 0LZ

3) **Registration Numbers**
Charity No. 226064
Company No. 133850

4) **Company Secretary**
Mrs Sharon Nunn

5) **Trustees**

1. *Member of the Finance & General Purposes Committee*
2. *Member of the Operations Committee*
3. *Member of the Fundraising & Public Affairs Committee*
4. *Member of the Property Committee*
5. *Member of TLC Care Board*

6) **Central Management Team**
Mr R Furze *(Chief Executive)*
Mrs N Clayton *(Director of HR)*
Mr P Cottrell *(Director of Property)*
Mr R Domingues *(Director of Finance & ICT)*
Mr M Farrell *(CEO of TLC) (from June 2012)*
Ms J O'Boyle *(Director of Fundraising & Public Affairs)*
Mr C Poole *(Director of Operations)*

7) **Statutory Auditor**
Mazars LLP
Times House
Throwley Way
Sutton, Surrey SM1 4JQ

8) **Bankers**
HSBC plc
89 Buckingham Palace Rd
Belgravia
London SW1W 0QL

9) **Investment Managers**
Cazenove Capital Management Limited
12 Moorgate
London EC2R 6DA

CCLA Investment Management Limited
80 Cheapside
London EC2V 6DZ

10) **Solicitors**
Anthony Collins
134 Edmund Street
Birmingham
B3 2ES

The members of the Governing Council present their report which includes the administrative information set out on page 3 and the audited financial statements for the 18 months ended 31 March 2013 which have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005.

Structure, Governance and Management
Friends of the Elderly ("the Charity") was formed as a Trust in 1905, incorporated as a company limited by guarantee in 1914, and registered as a charity in 1964. The governing documents of the Charity are its Memorandum and Articles of Association. Trustees are appointed by the Governing Council of the Charity subject to formal election at the following Annual General Meeting. Thereafter they hold office for a period of three years which is usually renewed for a further three years. After the completion of six years, Trustees are eligible for re-election on an annual basis. All new Trustees take part in a formal induction programme and receive regular training.

The Consolidated figures in these accounts are made up of the Charity's accounts, plus those of its three subsidiaries – Potential Limited, which is a development company, Friends of the Elderly (Trading) Limited and TLC Care Services Ltd ("TLC"), which became a subsidiary in June 2012. TLC has retained a separate Trustee Board, but the Trustees of the Charity reserve to themselves certain key strategic decisions related to TLC. The results of TLC are included within the Group's Consolidated results from this date. In addition, to make the year-end dates of all of the subsidiaries co-terminus, the Charity's year end date has been changed to 31 March, from 30 September. This has led to an 18 month accounting period for the Charity.

The Trustees, all of whom are Directors of the Charity and who constitute its Governing Council, are shown on page 3. The Trustees meet six times a year and in addition Trustees meet in sub-committees to consider matters relating to finance, ICT and investment performance, property, charitable operations, fundraising and public affairs, and the overall analysis of risk within the Charity. The Charity's defined benefit pension scheme, which was closed in 1996, has its own Trustee board which is chaired by a member of the Finance and General Purposes Committee.

The day-to-day management of the Group is delegated to the Chief Executive and other senior members of management who constitute the Central Management Team ("CMT"). TLC retains a separate Chief Executive, who is a member of the Charity's CMT and reports to the Group CEO. During the year the Charity employed on average 298 full time and 305 part time staff supplemented where necessary by agency staff. TLC employed 206 staff during the year.

In addition to its Trustees, none of whom receive remuneration, the Charity benefits greatly from the active involvement of many volunteers who contribute their time and skills as members of homes' support groups, home visiting and telephoning older people in their own homes, helping in day centres, taking part in stroke and public health work, on sub-committees of the Governing Council, and as fundraisers and ambassadors for the Group.

Risks
Trustees, in conjunction with senior management, have identified and reviewed the major risks to which the Group is exposed and systems are in place to manage such risks. Considerable efforts continue at all the Group's homes, care and community services to ensure thorough risk assessment of all aspects of the environment for residents, service users and staff. The benefits of this work continue to be seen in the relatively low level of reportable incidents and claims.

Responsibilities of the Members of the Governing Council
Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the surplus or deficit of the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity and its subsidiaries will continue in business.

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

Statements as to disclosure of information to auditors
So far as the Trustees are aware at the time the report is approved:

- there is no relevant audit information of which the Group's auditors are unaware, and
- the Trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Objectives and Activities
The main objects of the Charity arising from its Memorandum of Association are:

a) To run care homes for older people, providing residential, nursing, and other (eg dementia) care.
b) To relieve poverty, suffering and distress among older people in the community.

Our vision is that every older person will be treated with dignity and respect and have the opportunity to live a fulfilled life. Our mission is to support older people especially those in need due to physical or mental frailty, isolation or poverty. We do this by providing high quality caring services, personalised to the needs of the individual and integrated with local communities.

We seek at all times to carry out this mission in line with our stated values which reflect our founding Christian principles and lead us to be an inclusive organisation, respecting each individual regardless of race, religion, gender, social circumstances, age or sexual orientation. The Trustees confirm that they have complied with their duty in section 4 of the Charities Act 2006 to have due regard to Public Benefit guidance published by the Charity Commission when reviewing the Charity's objectives and activities and in planning future activities.

We concentrate our work on our existing geographical regions, i.e. South and North of London and West Midlands. The recent merger with TLC will bring a new emphasis on East London which should give good opportunities for new developments.

Our services currently comprises 13 Care Homes, some with nursing facilities and dementia units, as well as services which aim to help people remain independent at home. These include Friends at Home (home support services), Among Friends (day clubs largely for people with dementia) and Visiting Friends.

The merger with TLC provides an important new dynamic to the group. We now have the skills to provide personal care and support services to end of life in the home as well as new specialist skills in stroke work and public health testing. The maximisation of the benefits of the merger will be one of the key thrusts of our strategic direction over the next three years.

Phoning Friends has developed strongly over the last couple of years and is one of our key services focused on reducing isolation. Supporting Friends (our welfare and grant giving work) has also grown thanks to successful fundraising efforts and is very effective in what it does, including signposting to other grant givers. These two latter services are national.

In addition we are currently running Friends with Dementia, a pilot project under the National Dementia Strategy which focuses on peer support and outreach and which will now focus exclusively on BME elders in Surrey. As such, we can provide a continuum of support for older people: from those needing practical and emotional support to live in their own homes to those needing heavy end nursing and end of life care. We can also demonstrate specialisms in supporting those with particular conditions such as dementia and stroke.

Friends of the Elderly has a financial base from which to grow though we do not have a large endowment. We do have a valuable property portfolio but this consists almost exclusively of property in use for operational purposes. This does however give us the security against which to borrow for capital development. Currently, the amount of secured borrowing is only £1.9m (see Note 14).

Our Care Homes and TLC's personal care and support services are largely self-sustaining financially through fees but most of our other services to people living at home still require some voluntary income to sustain them long term and we are grateful to those statutory agencies, trusts, companies and individuals who support us through donations or grants.

Review of Activities in the Year
Friends of the Elderly's services are integrated with one another, so we can support people as their needs change.

Most of the people who use our services are in their later years. By offering integrated services we can help people stay living independently at home for as long as possible or move into residential care when needed.

Overview

- We provide a home for up to 448 people in our residential, nursing and specialist dementia care homes.
- In our 317 community day care places, we offer friendship and support in a welcoming environment for older people to meet and enjoy stimulating activities. Each day is made to feel like a great day out. Staff also help with personal issues including referrals to other services, making appointments and liaising with families. 142 of our day care places are dedicated to people with dementia.
- Through 512 hours a week of home support, we enable older people to continue living in their own homes. Trained staff provide both practical and emotional support with a flexible service that is tailored to each client's needs.
- 140 volunteers make home visits or friendly phone calls befriending 343 older people. Reaching out in this way combats isolation and loneliness – a growing problem for older people.
- 963 people across England and Wales received one-off grants for essential household items, property repairs and adaptations or utility bills. 315 people, whose income does not support their basic cost of living, received regular allowances.
- 2,251 people received support through the grants we give to grassroots organisations to fund days out and activities across England.

TLC – A NEW PARTNERSHIP

HOW WE HELPED IN NUMBERS
201 new colleagues
4,000 hours of support a week

We have been busy getting to know our 201 new colleagues in East London and Essex, following the merger of TLC with Friends of the Elderly in July.

TLC provides support and care to older, vulnerable people at home or in extra care housing and the charity's particular expertise lies in providing personal care, including end of life care. This fits perfectly with our desire to expand into this area. We have already added personal care to our Friends at Home services in Woking and Sutton.

TLC provides more than 4,000 hours of support a week to people in their homes and at day clubs. With the government's drive to look after older people at home rather than in hospital, this will be an increasingly common practice.

Another of TLC's specialties is working with people who have had a stroke, offering information and support, and working for the NHS to provide public health checks.

As more people are living longer and wish to remain in their own homes there is an increasing demand for expert end of life care and dementia support. TLC provides excellent personal care and our community services can benefit and learn from their expertise.

CARING FOR OLDER PEOPLE

HOW WE HELPED IN NUMBERS
448 rooms in our residential care homes
71 of these rooms are for specialist dementia care

'Frail' is often a word used to describe people as they grow older and less able to care for themselves.

Our mission to care for frail, older people is nowhere more obvious than in the opening of our Bradbury Court care home, a 24 bed home, specifically for people living with dementia.

The dementia time-bomb is ticking and by 2030, the number of people with dementia is predicted to rise by 73% (source: NHS 2010). People with dementia need care and attention at all times and our new home in Malvern, which opened in March 2012, underlines our commitment to caring for people in the best way possible.

In fact, we are pioneering a new way of caring. In some homes, separate roles of healthcare assistants, domestic staff or activity coordinators have been merged into a 'well-being' worker. It means there are fewer people the older person has to interact with and enables them to take a more active involvement in their own care, empowering them and promoting independence.

Residents in our homes know they are supported and cared for, by staff who go the extra mile.

OVERCOMING POVERTY

HOW WE HELPED IN NUMBERS
£431,964 distributed to older people in need
963 one-off grants for essential household items

Demand for our grant service is rising – applications to our Supporting Friends team were up 20% in 2012. On top of our one-off grants, a further 315 older people were supported with regular allowances and 2,251 isolated older people enjoyed a social event or a holiday.

Quite often we are the only charity able to help or pay a grant. Imagine your fridge or cooker breaks down. An older person on very limited means may simply not be able to buy another, with severe effects on their ability to eat well. Indeed, a third of our grants are for household 'white' goods.

For older people on the very lowest incomes, their expenses can outstrip their income. We can help people apply for all the benefits to which they are entitled, as well as providing a regular allowance. In this period, we helped older people claim over £96,914 in benefits that they were entitled to.

REDUCING ISOLATION

Our Christmas 2012 campaign drew the attention of thousands of people to the subject of isolation by combining a fundraising, PR and marketing drive over Christmas.

Half a million older people spend Christmas Day alone. The effects of isolation can be devastating with many lonely people experiencing deep depression.

The strength of the message in our Friends Open Doors campaign added 700 new people to our list of existing supporters. Together, they donated more than £16,000 to help isolated older people enjoy Christmas celebrations or a social event in good company.

All our homes are decorated at Christmas time and that needs helping hands, so we were thrilled that 93 people made enquiries about volunteering.

The campaign achieved more than 50 mentions in the media and online and our Christmas video, highlighting isolation among older people at Christmas, was viewed 77,000 times. This meant we were able to provide 119 lonely older people with a Christmas lunch and festive entertainment.

Financial Review

The figures for 2013 reflect an 18 month period, which makes it difficult to compare with the 2010/11 figures, covering 12 months. The year's total incoming resources were £29,220,304 (2011: £16,934,193), whilst the year's total resources expended were £30,846,061 (2011: £16,982,802). These figures include TLC from 30th June 2012, as shown in Note 2. The net impact of the income and expenditure figures was net resources expended (i.e. an operating deficit) of £1,625,757 (2011: operating deficit of £48,609).

After the realised gains on sale of fixed assets and the investment gains for the period, this turns the deficit into a net positive movement in funds of £538,920 (2011: net negative movement of £301,291).

The results reflect:

- A budgeted deficit for the period of approximately £250,000.
- A difficult period for income and costs in the care homes with average occupancy of 90.4%, slightly down from 90.8% last year, but much lower than the 92% expected.
- The Selkirk nursing home at Coulsdon, Surrey, was closed during the year with residents moved to next door Woodcote Grove. This resulted in significant closure costs and operating losses in the 18 months of approximately £370,000, but stemmed high on-going, operating losses at Selkirk, pending the building of a new unit at Coulsdon.
- Losses associated with the build-up of occupancy for our new home in Malvern of £73,000.
- Costs connected with the merger with TLC.
- Investment in activities to highlight the issues of isolation and to raise the charity's profile.
- Significant investment in donor recruitment activities to bring in more unrestricted funds.
- A contribution of £93,000 to the closed final salary pension scheme.
- Realised gains on the sale of assets (including a unit of staff accommodation) of £207,749 (2011: £157,565).
- The value of the investment portfolio rose by 18.5% during the period (2011: a fall of 4.4%), partly as a result of the rallying of the markets in October 2011, following the fall in stock market values at the end of September 2011.
- The cash-flow statement on page 17 sets out in more detail the movement in cash and investments supporting the operating figures for this period.

The investment portfolio consists of:

- An Income Fund for endowed investments and a Balanced Fund for other investments managed by Cazenove Capital Management Limited. The portfolios are largely invested in a range of Common Investment Funds (CIFs), but also include other equity funds, UK fixed interest and index linked bonds and property with the aim of protecting the capital in real terms whilst providing a secure and growing level of income. Gains of £4,537 (2011: losses of £10,358) were realised during the year, as well as unrealised gains of £1,623,482 (2011: unrealised losses of £324,887). The Income Fund and Balanced Fund achieved total returns of 13.45% and 13.94% (2011: 0.45% and -0.23%) respectively during the period to the end of March 2013, which compare to benchmark returns of 10.20% and 11.87% (2011: 0.70% and 0.67%) based on UK market indices for the underlying investments. Income yields were 3.73% and 3.49% (2011: 3.84% and 3.78%) respectively for the same 12 month period.
- Shares in the Charities Official Investment Fund (COIF) managed by CCLA Investment Management Limited. The shares showed unrealised gains of

£328,909 or 26.1% (2011: losses of £98,802 or 6.7%). The income yield on the non-accumulative (or income) shares was 4.5% (2011: 4.9%).

Tangible assets increased mainly as a result of the development of the new dementia unit at Malvern. Further details of fixed assets are shown in note 10 to the financial statements. At the period-end there were no capital expenditure commitments (2011: £0.925 million, relating to the contract to redevelop the Malvern site).

The Trustees remain satisfied that the value at which freehold properties are shown in the financial statements is in line with established accounting policies.

Unrestricted reserves, for the Group and excluding those designated for a specific purpose, decreased from £3.4m to £2.9m, which constituted a decrease in the number of month's unrestricted expenditure covered by reserves from 2.4 months to 1.8 months. This is mainly as a result of the financial performance for the year and the investment in the new property in Malvern.

Reserves
General or "free" reserves are retained at a level designed to protect the Group's work in the event of unforeseen and significant changes in its financial position. Trustees believe that a target for unrestricted reserves covering approximately 3 months expenditure is a reasonable benchmark. Principles underlying these decisions are:

- Maintaining adequate working capital particularly during a time of redevelopment of the residential portfolio;
- Ensuring sufficient funds are available to allow the Group to honour its commitments to its residents, many of whom are subsidised, and to those supported by its community services;
- Ensuring that regular Welfare allowances can continue.

The Trustees recognise that expenditure coverage at the year-end fell below the target. However, taking the above principles into account and the overall strength of the Group's balance sheet, the Trustees are satisfied that the reserves are sufficient to fulfil the Group's immediate obligations and to allow it to plan sensibly for the future.

Designated funds are funds set aside by Trustees for particular purposes as described in note 16 of the financial statements. These funds include the book value of property and fixed assets in use for the Charity's activities. Other designated funds were largely held for development purposes and have been fully utilised in the period.

Investment Policy
The Trustees employ Investment Fund Managers on a discretionary basis to manage the portfolio. Their work is undertaken within broad investment parameters set by the Trustees which take regard of acceptable levels of risk and the balance between income and capital requirements. Their performance is measured against appropriate industry benchmarks. Members of the Finance and General Purposes Committee meet regularly with the Managers to review performance and consider changes to the portfolio to respond to market conditions.

Pensions
Details of the Charity's pension schemes are shown in note 20. The accounts for the Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed) comply with the

additional disclosure provisions of FRS17. This defined benefit (final salary) scheme showed a surplus at 31 March 2013 of £22,400 (2011: surplus £65,200) which, according to FRS17,

cannot be recognised in the balance sheet as a long term asset. This valuation was prepared by the Scheme Actuary for the purpose of these financial statements.

The Charity also participates in two additional pension schemes following the transfer of staff from Hanover Friends to the Charity from April 2008. The Scottish Voluntary Sector Pension Scheme and the Career Average Re-valued Earnings (CARE) Pension Scheme are multi-employer defined benefit schemes. The Scottish Voluntary Sector Pension Scheme closed in April 2010.

Plans for 2013/14

- To implement our new isolation strategy in order to reach out to 5,000 isolated people per year by 2015.
- To remodel our care home in Woking.
- To achieve planning permission for a new unit in Coulsdon, Surrey.
- To continue the integration of TLC activities with the Charity.
- To continue to increase our profile via targeted campaigns.

Annual General Meeting (AGM)
The AGM of the members of Friends of the Elderly will be held on 26th September 2013.

Auditors
A resolution for the re-appointment of the auditor, Mazars LLP, will be proposed at the AGM.

Approved by the Governing Council, on 18th July 2013.

Kerry Rubie
Chairman

We have audited the financial statements of Friends of the Elderly for the period ended 31 March 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity 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).

Respective responsibilities of trustees and auditors

As explained more fully in the Responsibilities of the Members of the Governing Council set out on page 5, the trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

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 web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31 March 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Members of the Governing Council for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nicola Wakefield (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ
Date:

FRIENDS OF THE ELDERLY

Consolidated Statement of Financial Activities
For the period ended 31 March 2013
(Incorporating the Income and Expenditure Account)

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Period ended 31 March 2013 £	Year ended 30 September 2011 £
Incoming resources						
Incoming resources from generated funds						
Donations and legacies	3	692,964	445,397	-	1,138,361	1,025,774
Investment Income	4	396,886	290,381	-	687,267	553,369
Incoming resources from charitable activities						
Care home fees		22,410,132	-	-	22,410,132	14,046,279
Community services income		1,765,865	-	-	1,765,865	1,138,190
TLC Care services		2,910,836	-	-	2,910,836	-
Management fees		1,338	-	-	1,338	36,643
Other incoming resources	5	306,505	-	-	306,505	133,938
Total incoming resources		**28,484,526**	**735,778**	**-**	**29,220,304**	**16,934,193**
Resources expended						
Cost of generating funds						
Fundraising costs		395,748	175,983	-	571,731	286,342
Public affairs costs		149,052	50,298	-	199,350	117,603
Investment management costs		18,409	35,716	-	54,125	55,750
		563,209	261,997	-	825,206	459,695
Charitable activities						
Care homes		23,569,607	367,862	19,530	23,956,999	14,399,016
Community services		2,378,498	8,551	-	2,387,049	1,565,977
TLC Care services		2,810,171	-	-	2,810,171	-
Grants and allowances payable		348,052	298,283	-	646,335	387,114
Management services		-	-	-	-	36,643
		29,106,328	674,696	19,530	29,800,554	16,388,750
Governance costs		220,301	-	-	220,301	134,357
Total resources expended	6	**29,889,838**	**936,693**	**19,530**	**30,846,061**	**16,982,802**
Net (outgoing) resources before transfers		(1,405,312)	(200,915)	(19,530)	(1,625,757)	(48,609)
Transfers	16 & 17	(248,794)	248,794	-	-	-
Net (outgoing)/incoming resources before realised gains / (losses) on investments		(1,654,106)	47,879	(19,530)	(1,625,757)	(48,609)
Realised gains/(losses) on sale of investments	11(a)	(11,472)	(1,699)	17,708	4,537	(10,358)
Realised gains on sale of fixed assets		207,749	-	-	207,749	157,565
Net (resources expended) / incoming resources for the period		(1,457,829)	46,180	(1,822)	(1,413,471)	98,598
Other gains / (losses)		-	-	-	-	-
– investment assets	11(a)	991,705	116,860	843,826	1,952,391	(423,689)
– pension scheme actuarial movement	20	-	-	-	-	23,800
		(466,124)	**163,040**	**842,004**	**538,920**	**(301,291)**
TLC assets on merger	2	488,255	**-**	**-**	488,255	**-**
Net movement in funds		**22,131**	**163,040**	**842,004**	**1,027,175**	**(301,291)**
Reconciliation of funds						
Total funds brought forward		25,137,062	1,298,424	5,261,515	31,697,001	31,998,292
Total funds carried forward	16 to 18	**25,159,193**	**1,461,464**	**6,103,519**	**32,724,176**	**31,697,001**

The activities of TLC Care Services have been brought into these financial statements from the date of merger of 30 June 2012.

The notes on pages 18 to 40 form part of these financial statements. As all gains and losses are shown above, no Statement of Total Recognised Gains and Losses has been presented.

FRIENDS OF THE ELDERLY
Balance Sheets
For the period ended 31 March 2013

		Consolidated		Charity	
		2013	2011	2013	2011
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10	22,561,983	21,350,969	22,655,482	21,427,562
Investments	11	11,232,039	10,827,869	11,242,041	10,837,871
		33,794,022	32,178,838	33,897,523	32,265,433
Current assets					
Debtors	12	1,865,006	586,371	1,090,873	585,698
Cash		640,938	1,355,133	476,334	1,317,286
		2,505,944	1,941,504	1,567,207	1,902,984
Creditors					
Amounts falling due within one year	13	(1,724,120)	(1,573,341)	(1,374,671)	(1,544,500)
Net current assets		781,824	368,163	192,536	358,484
Loans due after one year	14	(1,851,670)	(850,000)	(1,851,670)	(850,000)
Net assets	15	32,724,176	31,697,001	32,238,389	31,773,917
Represented by:					
Unrestricted funds:					
Designated funds	16	22,307,266	21,780,379	22,400,765	21,814,843
General reserves	16	2,851,927	3,356,683	2,272,641	3,399,135
		25,159,193	25,137,062	24,673,406	25,213,978
Restricted funds	17	1,461,464	1,298,424	1,461,464	1,298,424
Endowments	18	6,103,519	5,261,515	6,103,519	5,261,515
		32,724,176	31,697,001	32,238,389	31,773,917

The financial statements on pages 18 to 40 were approved by the Governing Council, on 18th July 2013 and were signed on its behalf by:

Kerry Rubie
Chairman
The notes on pages 18 to 40 form part of these financial statements.

FRIENDS OF THE ELDERLY
Consolidated Cash Flow Statement
For the period ended 31 March 2013

	Note	2013 £	2013 £	2011 £	2011 £
Net cash (outflow) / inflow from operating activities	1		(1,845,628)		418,567
Returns on Investments			687,267		553,369
Capital Expenditure and Financial Investments:					
Purchase of investments		(822,398)		(599,365)	
Purchase of fixed assets		(2,456,093)		(1,877,278)	
Receipts from sale of investments		2,375,631		350,306	
Receipts from sale of fixed assets		228,000		188,000	
			(674,860)		(1,938,337)
Financing:					
Loans Drawndown		1,033,457		900,000	
			1,033,457		900,000
Movement in net funds			(799,764)		(66,401)

Short term deposits are included as cash.

Reconciliation of Net Cash flow to Movement in Net Funds

	2013 £	2011 £
Movement in net funds during the period	(799,764)	(66,401)
Net Funds at start of period	1,670,731	1,737,132
TLC Funds at 30 June 2012	84,418	-
Net Funds at end of period	955,385	1,670,731
Cash Invested	314,447	315,598
Cash as at bank	640,938	1,355,133
Total Cash at the end of period	955,385	1,670,731

1 Reconciliation of net (outgoings) resources to net cash (outflow) / inflow from operating activities

	2013 £	2011 £
Net (outgoing) resources from operations	(1,625,757)	(48,609)
Investment Income	(687,267)	(553,369)
Depreciation	1,242,811	726,200
(Increase) / Decrease in Debtors	(686,632)	127,671
(Decrease) / Increase in Creditors	(88,783)	166,674
Net cash (outflow) / inflow from operating activities	(1,845,628)	418,567

The Notes on pages 18 to 40 form part of these financial statements.

1 Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value and certain classes of fixed assets which have been re-valued. The financial statements have been prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005, and applicable accounting standards.

(b) Consolidation

The financial statements have been consolidated to include the results of Potential Ltd, Friends of the Elderly Trading Ltd and TLC Care Services Ltd (from June 2012, see note 2), all of which are wholly owned subsidiaries of Friends of the Elderly ("the Charity").

No separate Statement of Financial Activities or Income and Expenditure Account have been presented for the Charity alone as permitted by paragraph 397 of the SORP. The net movement in funds for the Charity was a surplus of £464,472.

(c) Fund accounting

General reserves are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of the various restricted funds is set out in the notes to the financial statements.

Endowment Funds are restricted funds and comprise of properties used for specific purposes and investments where only the income generated can be expended. The aims and use of these funds are set out in the notes to the financial statements.

Investment income and gains/(losses) are allocated to the appropriate fund.

(d) Incoming resources

Residents, service users' and statutory fees, government grants, management fees and investment income are accounted for when receivable. Legacies are accounted for when received or when entitlement arises, it is reasonably certain they will be received and amounts can be measured with sufficient reliability. Donations are accounted for when received and related gift aid when receivable.

(e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Support costs, which include management and administration costs incurred in Central Office and by staff with regional responsibilities, have been allocated to the Charity's activities based on time spent.

Governance costs are the costs associated with the governance arrangements of the Charity and relate to the general running of the Charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are the operations of the Governing Council and the costs of strategic, constitutional, audit and other statutory matters.

Welfare grants are awarded in line with the provisos of specific trusts or in accordance with policies regularly reviewed by the Governing Council.

(f) Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and included at cost or valuation including any incidental expenses of acquisition.

Depreciation is not charged on freehold land nor on expenditure on assets in course of construction or not yet in use. Depreciation on other tangible fixed assets is charged so as to write off the full cost or valuation less their residual values over their expected useful lives at the following rates:

Freehold buildings -	2% of cost or valuation per annum
Leasehold buildings (over 50 years) -	2% of cost or valuation per annum
Leasehold buildings (under 50 years) -	Over term of lease
Fixtures and fittings -	10-33⅓% of cost per annum
Office and domestic equipment -	10-33⅓% of cost per annum
Motor vehicles -	25% of cost per annum
Computer equipment -	33⅓% of cost per annum

(g) Investments

Investments are valued at the mid-market price ruling at the balance sheet date which gives rise to unrealised gains/(losses) which are included in the Statement of Financial Activities. Realised gains/(losses) arising on the disposal of investments during the year are separately disclosed in the Statement of Financial Activities. These are calculated by deducting the cost from the sales proceeds.

(h) Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities as they fall due.

(i) Pension scheme

Prior to 1 October 1996 the Charity operated a defined benefit pension scheme; the benefits of the employees in this scheme have been preserved. The scheme is valued under FRS17 Retirement Benefits and is described in Note 20.

Since 1 October 1996 the Charity has operated a defined contribution scheme, the assets of which are held in an independently administered fund. Contributions are charged to the SOFA as they become payable.

Since 1 April 2008 the Charity has participated in the Scottish Voluntary Sector Pension Scheme and the CARE Pension Scheme, both of which are multi-employer defined benefit schemes as described in Note 20.

2 TLC Care Services

The charity merged with TLC Care Services on 30 June 2012.

The value of the assets and liabilities transferred at fair value was:

	TLC Care Services £
Fixed Assets	
Tangible Fixed Assets	17,982
Current Assets	
Debtors	589,003
Cash at bank and in hand	84,418
Total Assets	691,403
Liabilities	
Creditors: amounts falling due within one year	(203,148)
Total Net Assets	488,255
Unrestricted Fund	488,255
Total Funds	488,255

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total period ended 31 March 2013	Total year ended 30 September 2011
	£	£	£	£
R & H Trust Co. (Bermuda)	29,994	-	29,994	-
The Ofenheim Charitable Trust	10,000	-	10,000	-
The Clothworkers' Foundation	-	25,000	25,000	22,000
The Bradbury Foundation	-	-	-	98,178
The Freemasons' Grant Charity	-	-	-	80,000
Gwyneth Forrester Trust	-	-	-	25,000
The Henry Smith Charity	-	20,000	20,000	100,000
The Wolfson Foundation	-	-	-	90,000
Other donations	218,598	323,294	541,892	422,473
Legacies	434,372	77,103	511,475	188,123
	692,964	445,397	1,138,361	1,025,774

4 Investment income

	Unrestricted funds	Restricted funds	Endowment funds	Total period ended 31 March 2013	Total year ended 30 September 2011
	£	£	£	£	£
Dividends from listed investments	392,204	290,381	-	682,585	545,609
Interest on cash and short term deposits	4,682	-	-	4,682	7,760
	396,886	290,381	-	687,267	553,369

5 Other incoming resources

	Unrestricted funds	Restricted funds	Total period ended 31 March 2013	Total year ended 30 September 2011
	£	£	£	£
Rental income	306,505		306,505	133,938
	306,505	-	306,505	133,938

6 Total resources expended

	Activities directly undertaken	Grant funding of activities	Support services	Total period ended 31 March 2013	Total year ended 30 September 2011
	£	£	£	£	£
Cost of generating funds					
Fundraising costs	526,835	-	44,896	571,731	286,342
Public affairs costs	55,521	-	143,829	199,350	117,603
Investment management costs	44,707	-	9,418	54,125	55,750
Charitable activities					
Residential care	22,041,106	-	1,915,893	23,956,999	14,399,016
Community services	2,044,156	-	342,893	2,387,049	1,565,977
TLC Care services	2,470,332	-	339,839	2,810,171	-
Grants and allowances payable	-	597,853	48,482	646,335	387,114
Management services	-	-	-	-	36,643
Governance costs	54,907	-	165,394	220,301	134,357
Total resources expended	27,237,564	597,853	3,010,644	30,846,061	16,982,802

7 Allocation of support costs

	Cost of generating funds	Charitable activities	Governance	Total period ended 31 March 2013	Total year ended 30 September 2011
Cost type	£	£	£	£	£
Staff costs	103,746	1,494,650	84,814	1,683,210	834,608
Premises costs	44,211	446,138	43,127	533,476	123,254
Depreciation	6,103	104,291	2,987	113,381	43,220
Other costs	44,083	602,028	34,466	680,577	371,038
Total resources expended	198,143	2,647,107	165,394	3,010,644	1,372,120

8 Net movement in funds for the period / year

Net movement in funds for the period / year is stated after charging/(crediting):

	Period ended 31 March 2013	**Year ended 30 September 2011**
	£	**£**
Staff costs (Note 9)	21,636,764	11,934,902
Depreciation of tangible fixed assets (Note 10)	1,242,811	726,200
Auditors' remuneration - Audits	26,315	20,725
Auditors' remuneration - Other Services	5,100	1,800
Professional indemnity insurance	4,068	2,710
Surplus on sale of fixed assets	(207,749)	(157,565)
Pension scheme contribution	93,000	-
Selkirk closure costs	370,000	-
Bradbury Court start-up costs	73,000	-

The professional indeminity insurance is in respect of Trustees, committee members and staff. Cover included 16 Trustees (2011: 14) and committee members in 2013.

9 Staff costs

	2013 No.	2011 No.
Full time	298	313
Part time	305	330
TLC	206	-
	809	643

Staff costs were as follows:	Period ended 31 March 2013 £	Year ended 30 September 2011 £
Salaries	17,020,675	9,399,511
Social security costs	1,264,013	752,382
Pension costs	496,367	355,535
	18,781,055	10,507,428
Agency - Care	1,013,681	378,860
Agency - Non-Care	19,670	35,729
Agency - TLC Care Services	152,360	-
Contract costs	1,669,998	1,012,885
Agency and contract costs	2,855,709	1,427,474
Total staff costs	21,636,764	11,934,902

Contract costs represent the staff cost elements of our contracts with catering and cleaning contractors.

The number of staff whose emoluments plus taxable benefits amounted to over

	No.	No.
£60,001 - £70,000	3	4
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1

The Trustees of Friends of the Elderly and TLC received no remuneration for their services (2011: nil). During 2011/13, the only amounts paid on behalf of Trustees were for expenses incurred in the course of their duties as Trustees of Friends of the Elderly. The value paid was £1,328 (2011: £972) to 2 trustees (2011: 2).

10 Tangible fixed assets

(a) Consolidated	Freehold & Long Leasehold Property	Short Leasehold Property	Fixtures, Equipment and Vehicles	Total 2013
	£	£	£	£
Cost or Valuation				
At 1 October 2011	23,303,656	155,946	4,134,130	27,593,732
Transfer in of TLC fixed assets	-	-	88,962	88,962
Additions	1,591,935	-	864,158	2,456,093
Disposals	(28,806)	-	(10,554)	(39,360)
At 31 March 2013	24,866,785	155,946	5,076,696	30,099,427
Depreciation				
At 1 October 2011	3,360,776	80,994	2,800,993	6,242,763
Transfer in of TLC fixed assets	-	-	70,980	70,980
Charge for the period	551,985	-	690,826	1,242,811
Disposals	(8,557)	-	(10,553)	(19,110)
At 31 March 2013	3,904,204	80,994	3,552,246	7,537,444
Net book value 31 March 2013	**20,962,581**	**74,952**	**1,524,450**	**22,561,983**
Net book value 30 September 2011	19,942,880	74,952	1,333,137	21,350,969

(b) Charity	Freehold & Long Leasehold Property	Short Leasehold Property	Fixtures, Equipment and Vehicles	Total 2013
	£	£	£	£
Cost or Valuation				
At 1 October 2011	23,371,661	155,946	4,134,130	27,661,737
Additions	1,614,761	-	864,158	2,478,919
Disposals	(28,806)	-	-	(28,806)
At 31 March 2013	24,957,616	155,946	4,998,288	30,111,850
Depreciation				
At 1 October 2011	3,352,188	80,994	2,800,993	6,234,175
Charge for the period	551,985	-	678,764	1,230,749
Disposals	(8,556)	-	-	(8,556)
At 31 March 2013	3,895,617	80,994	3,479,757	7,456,368
Net book value 31 March 2013	**21,061,999**	**74,952**	**1,518,531**	**22,655,482**
Net book value 30 September 2011	20,019,473	74,952	1,333,137	21,427,562

The freehold buildings used as homes were revalued at 30 September 1995 by the members of the Governing Council, based on an informal valuation performed by independent, professionally qualified valuers. Buildings constructed since that date are included at cost. Freehold buildings transferred into the charity since 2008 have been valued by the members of the Governing Council, having taken advice from independent, professionally qualified chartered surveyors and valuers, at an existing use value, using a formula based on the turnover of the home.

The loan (note 14) is secured against the freehold property known as Davenham & Perrins House, Malvern (HM Land Registry title number WR128444).

On an historical cost basis, land and buildings would have been included at the following amounts:

	31 March 2013	30 September 2011
	£	£
Cost	16,756,680	15,193,551
Aggregate depreciation based on cost	(2,606,617)	(2,204,457)
	14,150,063	12,989,094
Difference between historical cost depreciation charge and the actual depreciation charge for the period based on the revalued amount.	141,268	107,116

11 Fixed assets - Investments

(a) Cost or valuation	Cazenove	Investments CCLA	Cash	Consolidated Total	Investments in Trading Subsidiaries	Charity Total
	£	£	£	£	£	£
Valuation						
At 1 October 2011	9,126,065	1,386,206	315,598	10,827,869	10,002	10,837,871
Additions	271,319	-	551,079	822,398	-	822,398
Disposals (book cost)	(1,622,926)	(200,000)	(535,435)	(2,358,361)	-	(2,358,361)
Net gain / (loss) on disposal	4,537	-	-	4,537	-	4,537
Net gain on revaluation	1,623,482	328,909	-	1,952,391	-	1,952,391
Net movement in cash	-	-	(16,795)	(16,795)	-	(16,795)
At 31 March 2013	9,402,477	1,515,115	314,447	11,232,039	10,002	11,242,041
Cost at 31 March 2013	8,971,905	95,067	314,447	9,381,419	10,002	9,391,421

The subsidiaries included above are two trading companies - Potential Limited and Friends of the Elderly (Trading) Limited.

Summary of results for the period ended 31 March 2013 are:

	Potential Limited £
Total income	1,416,751
Expenditure	(1,413,556)
Profit	3,195
Gift Aided profits	(3,195)
Result for the period	-
Net assets at 31 March 2013	4,169

Friends of the Elderly (Trading) Limited is dormant. Its net assets at 31 March 2013 were £5,509.

Friends of the Elderly also has control of TLC Care Services, a company limited by guarantee.

A summary of its results for the period since merger on 30 June 2012 are:

	TLC Care Services
Total incoming resources	2,910,836
Total resources expended	(2,810,171)
Surplus for the period	100,665
Net assets at 31 March 2013	588,920

(b) Analysis of listed investments	Unrestricted funds	Restricted Funds	Endowment Funds	Total 2013	Total 2011
	£	£	£	£	£
Fixed interest - UK	1,152,302	164,615	1,339,088	2,656,005	3,012,931
Equities - UK	2,616,653	373,808	2,797,429	5,787,890	4,659,514
Equities - International	375,742	53,677	209,924	639,343	359,634
Hedge Funds	-	-	-	-	723,454
Property	146,028	20,900	152,311	319,239	370,532
	4,290,725	613,000	4,498,752	9,402,477	9,126,065

12 Debtors

	Consolidated		Charity	
	31 March 2013	30 September 2011	31 March 2013	30 September 2011
	£	£	£	£
Fee debtors	1,234,798	174,652	506,019	174,652
Amounts due from subsidiary undertakings	-	-	22,515	-
Other debtors	175,076	151,750	155,308	151,077
Prepayments and accrued income	420,999	259,969	395,589	259,969
VAT debtors	34,133	-	11,442	-
	1,865,006	586,371	1,090,873	585,698

13 Creditors: amounts falling due within one year

	Consolidated		Charity	
	31 March 2013	30 September 2011	31 March 2013	30 September 2011
	£	£	£	£
Trade creditors	846,547	993,780	805,299	746,736
Amounts due from subsidiary undertakings	-	-	5,209	219,747
Other creditors	187,430	124,496	61,615	124,497
Taxation and social security	268,130	161,279	183,406	161,279
Accruals and deferred income	340,226	243,786	237,355	242,241
Loans: Amounts due within one year	81,787	50,000	81,787	50,000
	1,724,120	1,573,341	1,374,671	1,544,500

14 Loans

	2013	2011
	£	£
Amounts falling due after one year:		
Due between one and two years	83,646	100,000
Due between two and five years	262,413	300,000
Due in five years or more	1,505,611	450,000
	1,851,670	850,000
Amounts falling due within one year (Note 13)	81,787	50,000
Total of all loans	1,933,457	900,000

The loan is secured against the freehold property known as Davenham & Perrins House, Malvern (HM Land Registry title number WR128444).

15 Analysis of net assets between funds

Fund balances at 31 March 2013, represented by:

(a) Consolidated	**Unrestricted funds £**	**Restricted funds £**	**Endowment funds £**	**Total funds £**
Tangible fixed assets	22,307,267	-	254,716	22,561,983
Investments	5,282,409	629,076	5,320,554	11,232,039
Current assets	1,145,307	832,388	528,249	2,505,944
Current liabilities	(1,724,120)	-	-	(1,724,120)
Loans	(1,851,670)	-	-	(1,851,670)
	25,159,193	1,461,464	6,103,519	32,724,176

(b) Charity only	**Unrestricted funds £**	**Restricted funds £**	**Endowment funds £**	**Total funds £**
Tangible fixed assets	22,400,766	-	254,716	22,655,482
Investments	5,292,411	629,076	5,320,554	11,242,041
Current assets	206,570	832,388	528,249	1,567,207
Current liabilities	(1,374,671)	-	-	(1,374,671)
Loans	(1,851,670)	-	-	(1,851,670)
	24,673,406	1,461,464	6,103,519	32,238,389

16 Unrestricted funds

Unrestricted funds are analysed on the following page and include designated funds which consist of:

a) Development funds were amounts set aside by the Trustees to be used towards the cost of new buildings and substantial redevelopment of existing properties, where these can be made viable for the long-term future, significant cyclical maintenance and major development costs in the area of fundraising. Funds utilised in the year relate to expenditure on property development not funded from restricted funds.

b) Community Services funds were amounts set aside to develop new Community Services and to sustain existing projects whilst other funding is identified.

c) The Property and Fixed Assets in use represent the net book value of the residential homes and of equipment which is used currently for the provision of residential care.

The net transfer of £248,794 from restricted funds shown in note 17 includes £226,282 of unrestricted funds expended to generate restricted income, as shown in note 17.

16 Unrestricted funds

(a) Consolidated	Development	Community Services	Property & Fixed assets in use	Total Designated Reserves	General Reserves	Total Unrestricted Reserves
	£	£	£	£	£	£
As at 1 October 2011	532,045	171,611	21,076,723	21,780,379	3,356,683	25,137,062
Surplus on sale of assets	-	-	-	-	207,749	207,749
Transfers from Restricted funds (Note 17)	-	-	-	-	(248,794)	(248,794)
Investment gain (net)	-	-	-	-	980,233	980,233
Capital expenditure (net)	-	-	2,416,733	2,416,733	-	2,416,733
Funds utilised	(532,045)	(41,557)	(1,186,190)	(1,759,792)	(1,573,998)	(3,333,790)
Transfers	-	(130,054)	-	(130,054)	130,054	-
As at 31 March 2013	**-**	**-**	**22,307,266**	**22,307,266**	**2,851,927**	**25,159,193**

(b) Charity	Development	Community Services	Property & Fixed assets in use	Total Designated Reserves	General Reserves	Total Unrestricted Reserves
	£	£	£	£	£	£
As at 1 October 2011	489,916	171,611	21,153,316	21,814,843	3,399,135	25,213,978
Surplus on sale of assets	-	-	-	-	207,749	207,749
Transfers from Restricted funds (Note 17)	-	-	-	-	(248,794)	(248,794)
Investment gain (net)	-	-	-	-	980,233	980,233
Capital expenditure (net)	-	-	2,450,113	2,450,113	-	2,450,113
Funds utilised	(489,916)	(41,557)	(1,202,664)	(1,734,137)	(2,195,736)	(3,929,873)
Transfers from Restricted funds (Note 17)	-	(130,054)	-	(130,054)	130,054	-
As at 31 March 2013	**-**	**-**	**22,400,765**	**22,400,765**	**2,272,641**	**24,673,406**

17 Restricted Funds

(a) Consolidated and charity	Balance at 1 October 2011	Incoming Resources	Funds Utilised	Gains on investments	Transfers	Balance at 31 March 2013
	£	£	£	£	£	£
Funds for the upkeep of care homes	248,550	305,826	(217,787)	-	-	336,589
Funds for residents' subsidies	-	117,429	(117,429)	-	-	-
Funds for community services	26,192	18,642	(8,551)	-	-	36,283
Funds for grants and allowances	736,204	180,652	(308,013)	115,161	22,512	746,516
Capital funds	277,219	-	-	-	-	277,219
Other restricted funds	10,259	113,229	(58,631)	-	-	64,857
Costs of generating donations & legacies	-	-	(226,282)	-	226,282	-
	1,298,424	735,778	(936,693)	115,161	248,794	1,461,464

18 Endowment Funds

(a) Consolidated and charity	Balance at 1 October 2011	Incoming Resources	Funds Utilised	Gains on investments & transfers	Balance at 31 March 2013
	£	£	£	£	£
Funds for the upkeep of care homes	2,400,889	-	(19,530)	381,079	2,762,438
Funds for residents' subsidies	2,129,768	-	-	356,475	2,486,243
Funds for grants and allowances	730,858	-	-	123,980	854,838
	5,261,515	-	(19,530)	861,534	6,103,519

19 Operating leases

	Property		Other	
	2013	2011	2013	2011
	£	£	£	£
Within 2 to 5 years	68,396	51,500	47,567	14,842
> 5 years	37,700	-	-	-

20 Pension schemes

(a) Group Personal Pension Plan

Since 1 October 1996 the Charity has operated a defined contribution scheme available to new and existing members, run by Scottish Widows. The pension cost relating to this scheme represents contributions payable by Friends of the Elderly and amounted to £496,367 in the period (2011: £355,535).

(b) Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed)

Until 30 September 1996, the Charity operated a defined benefit scheme in the UK, the Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed). The Pensions Act 2004 required the Trustees of the Scheme to obtain an actuarial valuation of the technical provisions (i.e. liabilities) of the Scheme as at 1 October 2009 and to prepare a recovery plan if the assets were insufficient to cover the technical provisions. The actuarial valuation issued on 08 December 2010 showed the value of the assets at 1 October 2009 to be £860,000, which was lower than the technical provisions and, therefore, the Trustees have drawn up a recovery plan to address the shortfall. A schedule of contributions showing a contribution of £1,525 per calendar month as from 1 October 2010 was agreed between the Scheme and Employer and certified by the Actuary.

The following disclosures have been provided by the Actuary to meet the requirement of FRS 17 Retirement Benefits for the purposes of these accounts. Any net liability has been included in these accounts as an actuarial loss on the Statement of Financial Activities and as a pension scheme liability on the Balance Sheet. Any net asset is not recognised in the Balance Sheet, but would be recognised in the Statement of Financial Activities to the extent that it reverses a prior liability.

Employee benefit obligation

The amounts recognised in the balance sheet are as follows:

	31.03.13	30.09.11
	£	£
Present value of funded obligations	629,300	829,900
Fair value of Scheme assets	(651,700)	(895,100)
Amount not recognisable as an asset	22,400	65,200
Net liability	-	-

The assets valued above are in the form of an insurance policy invested in the with-profits and unit-linked Money fund with the Equitable Life Assurance Society. The value of assets held in the with-profits fund has been taken as the policy value that would have been available had all the members retired on 31/03/2013. The value of assets held in the unit-linked Money fund has been taken as the value of units at bid price on 31/03/2013. The value shown is not necessarily the value that would be available were the policy to be surrendered.

Changes in the present value of the defined benefit obligation are as follows:

	31.03.13
	£
Opening defined benefit obligation	829,900
Interest cost	51,600
Actuarial gains	231,500
Benefits paid	(483,700)
Closing defined benefit obligation	629,300

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

	31.03.13
	£
Opening fair value of plan assets	895,100
Expected return	28,400
Actuarial (losses)	(10,600)
Contributions by employer	27,500
Additional contribution by employer	93,000
Equitable Life Payments Scheme	102,000
Benefits paid	(483,700)
Closing fair value of plan assets	651,700
Expected employer contributions to the scheme in the next year	18,300

Analysis of total gain not recognised

	31.03.13
	£
Total actuarial gain	(242,100)
Adjustment in respect of unrecognisable asset	42,900
(Paragraph 67(d) of FRS17 refers)	
Total gain not recognised	(199,300)

	30.03.13	30.09.11
	£	£
Interest on obligation	51,600	42,700
Expected return on plan assets	(28,400)	(30,900)
Total	23,200	11,800
Actual return on plan assets	17,800	89,500

The major categories of plan assets as a percentage of total plan assets are as follows:

	31.03.13
Corporate bonds	18%
Gilts	38%
Property	1%
Cash	43%

The expected rate of return on plan assets is determined as follows:

Gilts:	the yield on the FT-SE Actuaries 15 year gilt index
Corporate bonds:	the yield on the iBoxx £ Corporates AA 15+ index
Cash:	the Bank of England base rate
Equity and property:	the above gilt yield plus 4% pa
Deduction for expenses:	0.5%pa

Overall expected rate of return for the year beginning 1 April 2013: 1.4%

Principal actuarial assumptions at the balance sheet date:

	31.03.13
Discount rate	4.1% pa
Retail Prices Index (RPI) Inflation assumption	2.8% pa
Consumer Prices Index (CPI) Inflation assumption	2.1% pa
Rate of increases to deferred pensions	2.1% pa

Death after retirement: in accordance with 115% of the standard mortality tables PNMA00 and PNFA00 tables, with an allowance for future improvements in mortality in accordance with the core CMI mortality projection model CMI_2009, with long term rates of improvement of 1% p.a. for men and women.

Amounts for the current and previous four periods are as follows:

	31.03.13	30.09.11	30.09.10	30.09.09	30.09.08
Defined benefit obligation	(629,300)	(829,900)	(875,800)	(810,600)	(734,300)
Plan assets	651,700	895,100	852,000	771,300	1,034,200
Surplus/(Deficit)	22,400	65,200	(23,800)	(39,300)	299,900
Experience adjustments on plan liabilities	(148,800)	(18,600)	(9,100)	(45,200)	(11,700)
Experience adjustments on plan assets	(10,600)	58,600	46,800	(135,000)	(5,500)

(c) Scottish Voluntary Sector Pension Scheme

Friends of the Elderly participates in the Scottish Voluntary Sector Pension Scheme ("the Scheme"), beginning as from 1 April 2008. The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and was contracted-out of the State scheme until 31 March 2010, when the Scheme was closed to future accrual.

The Scheme operates a single benefit structure, final salary with a 1/60th accrual rate.

The Scheme closed to future accrual on 31 March 2010. There is currently no intention to wind-up the Scheme and it continues in paid-up form.

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 so that the Scheme can meet its pension obligations as they fall due.

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

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the scheme assets are co-mingled for investment purposes and benefits are paid from the 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 30 September 2011 was £66.2 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £28.8 million (equivalent to a past service funding level of 69.7%).

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

	% p.a.
Rate of return pre retirement	5.8
Rate of return post retirement	4.0
Rate of salary increases	4.4
Rate of pension increases pre 5 April 2005	2.4
Rate of pension increases post 5 April 2005	1.9
Rate of price inflation (CPI)	2.4

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.

From 1 April 2013, a new recovery plan came into effect, following the finalisation of the 2011 valuation. Confirmation of the contributions payable from 1 April 2013 to 31 March 2014 were advised to employers by letter in December 2012. If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the entire funding shortfall by 31 March 2028.

A copy of the recovery plan must be sent to The Pensions Regulator after each valuation is finalised. 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 plans 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).

The recovery plan from the 2011 valuation has been submitted to The Pensions Regulator and a response is awaited.

Following a change in legislation in September 2005 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 becoming insolvent or 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 the assets there is a buy-out debt.

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 amount of debt can therefore be volatile over time.

Friends of the Elderly has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2012. As of this date the estimated employer debt for Friends of the Elderly was £712,997.

(d) Career Average Revalued Earnings (CARE) Pension Scheme

Friends of the Elderly participates in The CARE Scheme (the "Scheme"), beginning as from 1 April 2008. The Scheme is a funded, multi-employer defined benefit scheme and is contracted out of the state scheme.

The main benefits provided by the Scheme are a pension of one-eightieth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service.

Employers pay contributions at the rate of 10.6% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten, plus 0.5). In addition, as the scheme is closed to new entrants, the employer pays an additional employer contribution loading of 2.0% to reflect the higher costs of a closed arrangement.

The Trustee commissions an actuarial valuation of the Scheme every three years. 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 are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

As at the balance sheet date there were 5 active members (2011: 6) of the Scheme employed by Friends of the Elderly. Friends of the Elderly continues to offer membership of the Scheme to its employees. During the accounting period the Employer paid contributions at the rate of 12.6%.

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 from the 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 2010 by a professionally qualified actuary using the "projected unit" method. The market value of the Scheme's assets at the valuation date was £21.3 million. The valuation revealed a deficit of assets compared to liabilities of £2.6 million, equivalent to a past service funding level of 89%.

The financial assumptions underlying the valuation as at 30 September 2010 were as follows:

	% p.a.
Rate of return pre retirement (non orphans)	6.5
Rate of return post retirement (non orphans)	4.3
Rate of return pre retirement (orphans)	3.0
Rate of return post retirement (orphans)	3.5
Rate of pension increases pre 5 April 2005	2.6
Rate of pension increases post 5 April 2005	2.1
Rate of price inflation	3.0

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 £2.6 million would be dealt with by the payment of deficit contributions. These deficit contributions are in addition to the contribution rates set out above.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. Such a report is required by legislation for the years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £29.3 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £12.8 million, equivalent to a past service funding of 70%.

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 buyout 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.

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.

Friends of the Elderly has been notified by the Pensions Trust that the estimated employer debt on withdrawal from the Scheme, based on the financial position of the Scheme as at 30 September 2012 was £58,000.

(e) TLC Care Services

TLC Care Services operates a stakeholder pension scheme for the benefit of its employees. At the present time there are no employer contributions to the pension scheme.

21 Taxation

As a registered charity Friends of the Elderly is not liable under the provisions of the current legislation to corporation tax and capital gains tax.

22 Members

At 31 March 2013 there were 16 members (2011: 14 members) who each pledge to pay £1 on winding up.

23 Capital Commitments

Consolidated only	**2013**	**2011**
	£	**£**
Capital expenditure contracted for but not provided in the accounts	-	925,000
	-	925,000

Friends of the Elderly

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Help us continue our work

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To make a difference
Friends of the Elderly needs people to be inspired:

inspired to care;

inspired to take action.

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To continue making a difference we need others to share our commitment.