

# SCOPE

= Equality for  
disabled people

## Annual report and consolidated accounts

for the year ended  
31 March 2018



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# Chair's review

In last year's annual report, I wrote: '...we have decided to change. To change radically to meet the needs of disabled people as they are now and to respond to their changing needs in the future.'



**Andrew McDonald**  
Chair

You will see from this report that 2017/18 was a transformational year for Scope. In April 2017, we began our extensive preparations to transfer our regulated and day services, and to move to a new London office workspace. At the same time, we set about the delivery of our new five-year strategy. This was all against the backdrop of a challenging sector environment, increased scrutiny and declining trust in charities.

We launched our radical new strategy, 'Everyday Equality', in April 2017, clear in the belief that to remain relevant and sustainable we needed to change. Disabled people were telling us that life was harder than it needed to be, that Scope was needed more than ever before, but that different solutions were required.

Staying as we were was no longer good enough. We needed to act in order to achieve greater impact and reach more people, to focus our energies and resource towards what mattered most. We needed to create an organisation fit for the future.

This year, we began our transformation. Our regulated and day services have always delivered consistently high-quality care and support. The Board of Trustees remained committed to ensuring the continued well-being of the services and of their customers.

We informed our staff of the decision in April 2017 and of our conclusion that we had found a new provider. We worked together on the year-long journey that took us to the transfer date of 30 April 2018. I am delighted that we successfully transferred more than 1,000 customers and the majority of our staff teams to Saludem Healthcare, and am thankful for the huge commitment of our leadership, who steadfastly supported our stakeholders and maintained service quality throughout.



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We moved into a new, smaller, head office in Stratford in May.



Delivering new services that have already supported more than 1,000 disabled people and their families.

In May 2018, we moved into a new, smaller, head office in Stratford. I am proud that our new workspace both practically and culturally embodies our values and ambition for fully accessible workplaces and a culture of well-being. It sets an example for others to follow.

To succeed in our courageous ambitions, we must be financially sustainable. Over the last year we have created robust investment plans to secure our long-term future. We are under no illusion that the next five years will be challenging, but we are ready for that challenge. We will work tirelessly with disabled people and their families, and with other partners to make equality a reality.

We have begun this year to shape that reality – publishing compelling research that supports the case for change, working with government and businesses to drive progress, and delivering new services that have already supported more than 1,000 disabled people and their families.

We will continue to put disabled people and their families at the heart of everything we do, working in collaboration with our partners, customers and supporters, and the thousands of individuals who donate their time, energy and money.

Together we will make everyday equality a reality.

**Andrew McDonald**  
Chair

# Trustees' report

The Board of Trustees presents the Trustees' Report and audited Consolidated Financial Statements for the year ended 31 March 2018.



The legal and administrative details for the charity, the Board of Trustees and advisers, and full lists of our supporters, partners and volunteers can be found on page 38 and form part of the Trustees' Report.

The Trustees' Report includes a Strategic Report. These two reports together meet the requirements for a Directors' Report. This is required by the Companies Act 2006 and by the Strategic Report and Directors' Report Regulations 2013. In approving the Trustees' Report, the Board of Trustees have also approved the Strategic Report.

## Scope's objects and public benefit

### Objects

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

### Public benefit aims

In exercising relevant powers and duties, the Board of Trustees have considered Charity Commission guidance on public benefit. This report outlines how our performance during 2017/18 has benefited the public.



# Transforming Scope – what we've done

## The transfer of our regulated and day services

In launching our five-year strategy, 'Everyday Equality', we set out radical proposals to transfer our regulated and day services to another provider. We did this to realise our ambitions of meeting the needs of disabled people and their families as they are now and to respond to their changing needs in the future.

In April 2017, we set about planning the transfer, and communicated our intentions to staff teams. Transparency and openness are important values within Scope and, against a backdrop of greater charity scrutiny and declining trust in charities, we made sure our stakeholders had ample time and space to discuss our decision and feel assured of our continued commitment to the future well-being of our services under another provider.

From April to December, the Board of Trustees and the Executive Leadership Team agreed the criteria of sale and began sourcing a new provider that would meet our robust requirements. A potential new provider needed to demonstrate commitment to:

- continuing to provide high-quality care, support and education to all customers and students accessing our services;
- investing in the services to ensure their future sustainability;
- running the entire portfolio of services; and
- transferring both customers and our staff teams to ensure continuity of provision.

More than 50 potential providers expressed an interest in the portfolio of services, and in December 2017, after rigorous due diligence, we informed our staff teams that we had entered a period of exclusive negotiations with Saludem Healthcare, an existing specialist provider for disabled people.

In March 2018, we transferred our regulated and day services in Wales after the Welsh regulators approved our application and, following regulatory approval, transferred the England services on 30 April 2018. The service portfolio will now be named 'Ambito Care', and it is owned and delivered by Saludem Healthcare.

This was a courageous and key moment in Scope's history. It came with a mixture of excitement for our future and pride in our past. Throughout the challenging period of transfer, our staff teams were exemplary – both in their commitment, and how they communicated our decision to stakeholders. The successful transfer of more than 1,000 customers and two-thirds of our staff team to Saludem Healthcare is testament to this.

Our regulated and day care services continued to provide outstanding quality of care throughout 2017/18, thanks to the skilful management of the leadership during this period. This means that we can move on with pride and certainty that we have transferred a quality operation to Saludem Healthcare and that Saludem's expertise and commitment to the portfolio ensures our customers' well-being.

## Our move to Here East, Stratford

The transfer of our regulated and day services meant that the scale of support from our London office could be reduced. The chance to resize brought with it an opportunity to relocate to a fit-for-purpose building, and to live our values of a fully accessible and flexible workplace for disabled people. It also meant we could plan to reinvest the proceeds of the Market Road office sale into our new strategic ambitions: increasing our reach and impact.

We entered into a procurement process to sell the Market Road building and find alternative premises. The criteria for a new workspace were clear:

- appropriately and proportionately priced
- located in an area and building that is fully accessible for disabled people
- digitally enabled to facilitate hot-desking, flexible and remote working.

We sold our existing premises and moved into Here East on 11 May 2018.

Enabling disabled people to get into and stay in work is a core goal in our new strategy, and we are proud that our new office embodies our ambitions for fully accessible workplaces and cultures. The accessible design includes features such as adjustable sit/stand desks, Braille signage, sensory spaces and a Changing Places toilet facility that is also available to the public. Digitisation offers us an opportunity not only to reduce our carbon footprint, but also to support colleagues to work flexibly and remotely. Our workplace enables us to live our values and showcase our strategy in action to interested parties and supporters.



## Our brand and identity

The look and feel of Scope is rooted in our history as a regulated and day services provider. This is no longer relevant for an aspirational and ambitious social change organisation, and in the context of our new strategy. Disabled people told us we needed to represent them and the barriers they face with integrity, courage, aspiration and opportunity. As a result, 2018 sees a new, fully accessible brand and tone of voice for Scope. We are extremely proud of the wide-ranging inputs from disabled people, disabled peoples' organisations, supporters, businesses and third parties in creating our new visual identity.

## Moving forward

The transfer of our regulated and day services, the sale of Market Road and subsequent move to Here East mark two significant milestones in Scope's history.

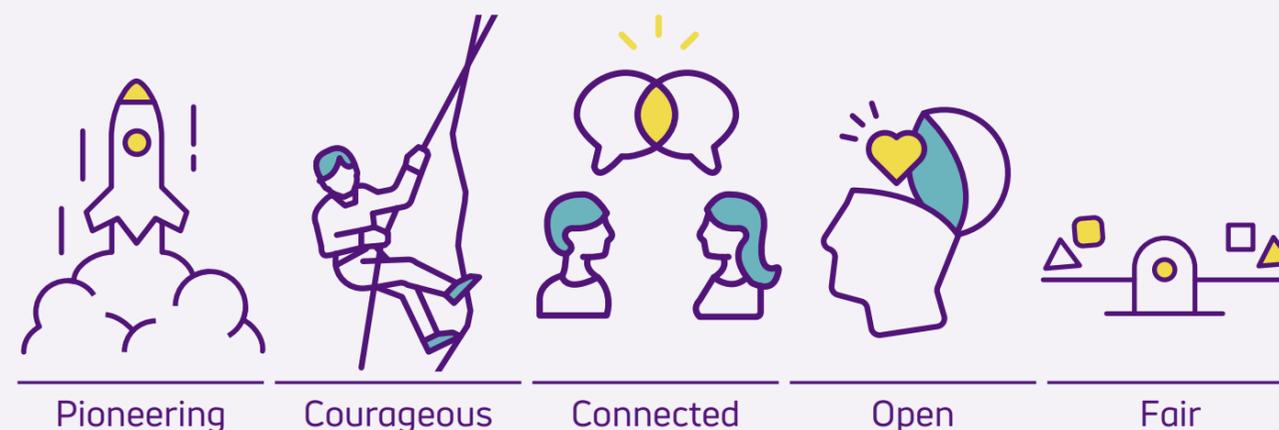
These two milestones were delivered with exceptional stakeholder communication and rigorous financial management. The accounts bear testimony to a strong financial operating performance in March 2018. Moreover, the regulated and day services sustained both their quality of care and financial viability during a long transfer period. This has enabled the Board of Trustees and the Executive Leadership Team to make strategic and planned investment in Scope's future infrastructure and growth while retaining a balanced operating budget in 2017/18 and into 2018/19.

## Engaging with and investing in our people

A strategy is ever only as good as its people. We recognise that without the expertise and commitment of our employees and volunteers we would not be able to deliver our ambitions of equality for disabled people.

In the past year, we have worked together to develop new core values aligned to the new strategic direction and created a people strategy that elaborates out our vision in this area.

Our core values will underpin all that we do: how we recruit; how we work together; and the decisions we make. We will be:



Built on these values, our new people strategy outlines our offer to, and what we expect of, our employees and volunteers. We ask a lot, but we also recognise the need to invest in, support and listen to our people, to create an environment that understands our strategic intent, encourages strong working relationships and promotes flexible working and well-being.

We know that, as a smaller and more agile organisation, we may not always be able to offer extensive promotion paths. What we can and need to offer is a combination of a clear social purpose, and exciting opportunities to learn and develop, using both internal training and connections with other organisations. It is this combination that will create an employer offer to attract and retain the skilled and motivated people we need in an increasingly competitive environment.

We remain strongly committed to engaging our staff and volunteers across the country to ensure we hear and listen to their views. In 2017/18, we ran a people survey and we will be repeating this in 2018/19, benchmarking ourselves against other charities across the sector.

We also have several staff groups in place, including people champions who represent each function across Scope and a disability steering group, which is led by our Chief Executive and aims to drive our work to lead the field as an employer of disabled people.

These forums are supplemented by the use we make of our intranet, staff updates and newsletters to engage and communicate across the organisation.

## Spotlight on Scope's online community

Disabled people can feel socially isolated and can lack sufficient access to support networks. A place to connect with others, who have lived experience of disability, can be invaluable, providing a space to share. That is why, in 2014, we launched our online community.

The service has grown to over 100,000 visits per month in 2017/18 and is a safe, supportive and vibrant place for disabled people, and parents and support workers, to get invaluable disability advice and information, and talk to people in similar situations, in a friendly environment. It is also a lively forum to discuss topical issues and subjects that are important to disabled people.

### After Bev became disabled, the online community gave her the support and information she really needed...

"When I became disabled, people started to treat me in ways I just wasn't prepared for.

I started using a wheelchair when I went out and I couldn't believe how many people stared at me and treated me differently. I felt like I was being judged and it made me feel angry and upset. My self-esteem really took a knock.

I went out less, and I became very lonely. On top of everything else, I was facing financial difficulties. At my lowest point, I felt I couldn't go on.

I was worried about the extra costs I was facing and wanted to know whether I was entitled to any support. That's when I discovered Scope's online community. Scope gave me the answer to my question, and so much more.

Thanks to Scope, I went from feeling alone to finding a whole community of people to listen to me and support me. I felt I could also reciprocate, which really boosted my self-esteem. People on the online community were so helpful – especially those who had been through the same things as me."

"I know that, whatever happens, Scope's online community will be there for me."



### Alex manages Scope's online community and tells us why it's amazing to see the service go from strength to strength...

Many people find the community when they're at a really low point in their life. Sometimes they are looking for someone to turn to for emotional support. They may be feeling lonely, or might have received a diagnosis that surprised or worried them, and may want to talk it through with others. They might be going through a stressful period at work or be looking for advice on whether they are eligible for any financial support to deal with the extra costs disabled people face day to day. Whatever their needs, our community is always there for them.

Our community is open 24/7 and can be accessed from anywhere and on any device. As well as our regular users, we also have a team of volunteers, waiting to welcome new people to the community. We hope that by talking to like-minded people we can help people feel less isolated.

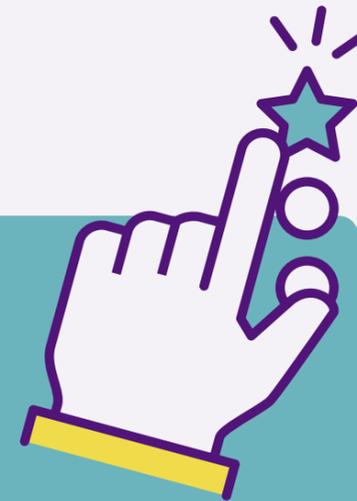
It's great to see people come together to support someone in their time of crisis, and to see how their situation and outlook can change for the better as they get the support they need through our community. We love nothing more than hearing about how the community has helped someone, and seeing that person change from needing support to being able to support others.

As the community grows we hope to broaden the range of issues we discuss so that we can truly support people with any issue in their life – from housing, education, finances, sports, holidays and even relationships."



# Delivering against our strategic goals

## Goal: live the life I choose



## Goal: live the life I choose

### Information, support and advice

An important part of our new strategy is our aim to reach more people and have more impact. We want to be directly supporting 2 million disabled people and their families every year by 2022. To increase our reach, we are focusing on activities that have the biggest impact on the greatest number of people. We are harnessing digital technology to achieve this.

In 2017/18 we supported more than one million people through our helpline, in-person and online services. This included doubling the membership of our online community, which now regularly receives more than 100,000 visits a month. We respond to more than 23,000 requests for information and support via our helpline and Supporter Care services.

We are committed to ensuring our solution is best in class. We have invested in developing new content in partnership with disabled people to ensure that daily lived experiences and expertise are at the heart of what we offer.

Scope is a social change organisation and campaigns to remove the barriers faced by all disabled people. We also retain a specialism in cerebral palsy and this year we have invested in our team. We recruited a cerebral palsy officer, who is reviewing our specialist information offer. We are looking forward to launching new cerebral palsy content across our channels over the coming year.

### Increasing our engagement with our customers and supporters

During 2017/18, we have been working to migrate onto Microsoft Dynamics 365, our new customer relationship management system that will unify all of Scope's customer and supporter data. This is an important step for Scope in our digital transformation journey. It will underpin all of Scope's future engagements with our customers and supporters, empowering our capabilities and increasing the efficiency of our customer-facing services.



“Step by step, Scope has transformed the way I feel – supporting me to be the mum Elise needed.”

## Spotlight on the helpline

There have been many changes to benefits, social care, independent living and education over the past few years and it is becoming increasingly difficult for disabled people to get the right advice when they need it most.

Scope’s helpline provides vital information and support to disabled people, and to parents and support workers of disabled children. We provide this over the phone, via our online community and through our website’s information and advice pages. Our content and our approach are continually evolving to meet the demands of our customers.

Our information officers can answer questions and talk about a broad range of topics connected with disability, and connect customers to local advice providers and other Scope services. And our specialist information officers provide detailed advice on complex topics such as education, benefits, finance and social care.

A lifeline to many, the helpline takes over 23,000 calls a year, and the friendly knowledgeable voices at the end of the phone can make all the difference, as Christie found when she called after receiving a cerebral palsy diagnosis for her daughter, Elise.

### Christie’s story

“Elise was really sick as a baby. She wasn’t meeting her developmental milestones. At nearly one, she wasn’t sitting up.

I was devastated – I thought Elise’s life was over before it had even started. I couldn’t stop worrying about her.

I was anxious all the time and I avoided other people. I didn’t want to take Elise out because I thought people would stare and ask questions. The first time I took her out in a wheelchair, I cried. It felt like everybody was looking at her.

Would she ever walk? Would she go to school? Would she have any friends or be able to get a job in the future? Would anyone look beyond the wheelchair and see what an amazing little girl she is?

When I called Scope’s helpline, I finally talked to someone who understood what I was going through. It meant the world to me. I now have huge ambitions for Elise and for her future.

If I hadn’t called Scope, I would still be terrified of the future and I’d be avoiding going out. Elise would be missing out on so much. And the world would be missing out on Elise – she is such a happy, wonderful little girl.”

### Debbie has been a Scope helpline information officer for five years. Here, she shares her passion for supporting others...

“The favourite part of my job is being there for our customers and working with them to resolve their problems. Our customers have had some incredible successes following advice and information from us.

Isolation and loneliness is a big problem for disabled people – made worse by the ever-changing legal landscape. It’s difficult to challenge bad decisions when you’re unwell or you’re a parent of a disabled child, burnt-out from caring responsibilities and working. The systems are so complex, and people feel overwhelmed by it all.

We empower our customers with information and advice to help them resolve the problems they face. The emotional support we give makes a huge difference. Our customers appreciate us taking the time to listen to them and understand what they’re going through. We have some customers with whom we’ve been in touch for many years and who keep coming back because we’re the only organisation they trust for the most accurate and up to date information.

We’re a very close-knit team here at the helpline – another favourite part of my job is the team I work with. We’re dedicated to our roles and our customers and we’re dedicated to helping Scope achieve everyday equality. Until then, we’ll be here fighting hard to tackle inequality and ensuring the voices of disabled people are heard.”

# Scope will support disabled people to be financially secure

## Goal: have a decent standard of living

One of our strategic goals is to reduce the extra costs that disabled people face, particularly in relation to everyday goods and services such as energy and telecommunications.

In February 2018, Scope published 'The disability price tag'. This research examined the extra costs faced by disabled people – from the high cost of a powered wheelchair and adaptive clothing, to greater consumption of energy and more costly insurance premiums. Our analysis shows that on average disabled people face extra costs of £570 a month related to their impairment or condition.

We followed this report with 'Out in the cold', which explored disabled people's experiences of the energy market. Over a third of disabled adults say that their impairment or condition has a significant impact on their energy costs.

We are working with the Government, regulators and businesses to take forward these reports' recommendations and to reduce extra costs.

## Goal: have the opportunity to work

Scope worked hard to influence the content of the main parties' manifestos in the 2017 Westminster General Election, and we secured a range of Scope's key objectives, including a commitment from the Government to get 1 million more disabled people into employment over the next 10 years.

This year has also seen the Government publish a long-awaited policy paper on disability employment, which Scope worked hard to influence. Through our campaigning – which encouraged disabled people to respond to the consultation and have their voices heard – the Government has committed to act on some of Scope's core asks, such as reform of statutory sick pay and encouraging employers to recognise their role in tackling disability unemployment. However, more action is needed, and we have been working with MPs from across the political spectrum to call for reforms to improve access to welfare support.

This year, Scope delivered new research into disabled people's experiences of talking about disability at work. The research will inform our advice for employers on how to create a more open workplace culture (and our own practice in this regard), our policy influencing around disability reporting, and the information and support we provide to disabled people who are in work or want to work.



Goal: have a decent standard of living



Goal: have the opportunity to work

## Pioneering partnerships

We cannot achieve the reach and impact we seek on our own and so we are committed to working in collaboration with others. We have significantly raised the profile of Scope's ambitions in the business community through two flagship partnerships:

### UnLtd

This year, we have invested in a pioneering new partnership with UnLtd who support social entrepreneurs to develop and grow new ventures. The first-of-its kind partnership will empower entrepreneurs who are providing job or training opportunities for disabled people and disabled entrepreneurs. The partnership is an interesting innovation into how we might reshape the employment market, empowering disabled people to have increased choices and to become more financially secure.

### Work With Me – Virgin Media Partnership

Being 'connected' is one of our core values and we are proud of our strategic partnership with Virgin Media. The partnership set out a bold ambition to transform the lives of disabled people through technology by supporting 1 million disabled people to get into and stay in work by the end of 2020.

This will be delivered through a new employment support service, Support to Work, funded by Virgin Media. We will also be providing new employment content through Scope's website and digital channels. Since the launch in October 2017, Scope's new Support to Work service had received 558 referrals by the end of March 2018, resulting in 243 disabled adults starting on the twelve-week programme.

A key goal of the partnership is to change business attitudes, practice and policy around disability, and to tackle the barriers disabled people face in getting into and staying in work. Scope undertook research in 2017/18 that revealed the range of barriers disabled people face in moving into work. We found that disabled people apply for 60% more jobs than non-disabled people and that just under half of disabled people have worried about telling their employer about their impairment or condition.

To begin to tackle this injustice, Virgin Media and Scope launched our ground-breaking Work With Me campaign in September 2017. We will encourage other businesses to follow Virgin Media's lead, to look under the bonnet at their own disability practices and to create more inclusive workplaces. We are continuing the campaign into 2018/19 and look forward to demonstrating the impact of the Work With Me campaign as we move forward.

In January 2018, we held the first in a series of Work With Me FTSE 250 employer roundtables to explore what employers could be doing differently to support disabled people to get into and to stay in work. The meeting was well-attended by business leaders from a range of industries and generated ideas to inform a practical employer's business guide, which will be launched in July 2018 and held on the Work With Me microsite.





## Spotlight on Support to Work

Scope's research has found that, when applying for jobs, only 51% of disabled peoples' applications result in an interview compared with 69% for non-disabled applicants. Also, on average, disabled people apply for 60% more jobs than non-disabled people when searching for jobs.

Our work on employment is challenging this head-on, and our national online employment support service, Support to Work, is just one of the innovative ways in which we're doing it. Proudly supported by Virgin Media, Support to Work is a digital employment service that provides advice and guidance to the some of the million disabled people who can and want to work.

### After becoming disabled and 15 months of getting no responses to her applications, Simone had lost her confidence. Support to Work helped her turn things around...

"When I became disabled, I didn't expect how difficult it would be to find a job. It was about 14 or 15 months in, and I couldn't get anyone to employ me no matter what I did. I lost hope. It got really challenging because I lost my confidence and didn't know what work I could and couldn't do anymore.

I got to a point where I lost the self-worth that I always had, that I could add value in society and contribute. I wanted to be a role model for my children, but I felt I couldn't be that.

I just didn't know where to turn until I googled and found Scope.

Support to Work helped me regain my confidence, because it had taken such a huge knock. They gave me useful information and so many ideas about how I could approach things and what I could do. I started to believe in myself again. With my new-found confidence, I applied for a role, using the coaching, information and ideas Scope had given me, and got an interview straight away.

It went well and I was stunned when I was offered the job! I felt uplifted. I was smiling for days. Without Scope, I wouldn't have got the job. I wouldn't have applied for it, felt that level of confidence and self-belief, and I wouldn't have known how to word my CV.

For a long time, I couldn't see a future. Support to Work really turned my life around."

"It was the first time I felt that someone understood and could help me, that there was someone there."

### Zaid is a Support to Work employment advisor who helped Simone through the process of finding work. He tells us why it's such an important service...

"There are many barriers that prevent disabled people from finding, staying in and progressing in work. These include negative attitudes from employers and recruitment agencies, inaccessible workplaces and inflexible working practices. These are so worrying and disappointing.

Support to Work is at the frontline, providing really bespoke employment support to each disabled person we work with to increase their chances of landing a job. We help them to navigate the many misconceptions and poor attitudes they face daily.

It really is a ground-breaking digital service for disabled jobseekers, offering that much needed support and information. Everything from a basic 'I need a new CV' all the way through to crafting a career path for people.

I have the privilege of speaking to amazing people daily. There is nothing I love more than seeing them progress and flourish. It's great to know that the work we do has an immediate effect on individuals, and the numbers prove we are impacting positively on hundreds of disabled people."

# Scope will support disabled people to get the best start in life

## New employment services

In addition to our Support to Work service, we were excited to launch a number of new services in 2017/18 to support our financial security goal.

## Inclusive Workplace Network

We want to change attitudes and improve practices within the workplace to foster a culture in which disabled people can be open about what they need to succeed at work. The Inclusive Workplace Network is a membership programme aimed at those organisations that are on their journey to becoming great employers of disabled people.

As part of their membership, organisations receive:

- specially designed toolkits and Scope employment experts who provide valuable resource as a basis for including disabled people within the workforce and responding to questions
- interactive sessions for employees with Scope Workplace Role Models to raise understanding of disabled people's experience in the workplace
- the opportunity to join our roundtable discussions and employment events with other network members to share best practices and influence real change.

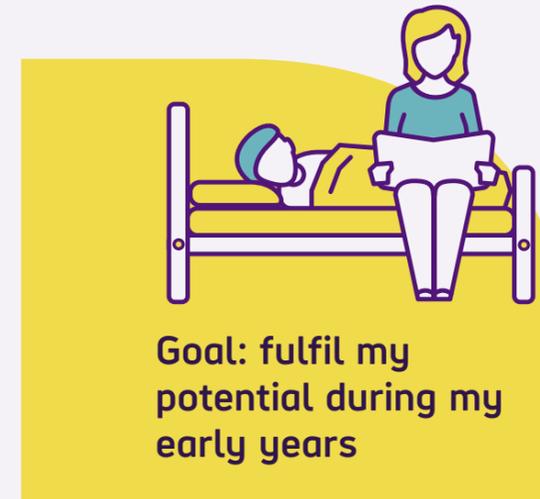
## Starting Line

Starting Line is a pre-employment service delivered locally. It is a flexible, personalised service and aims to support disabled people to access further education, training and employment. The service is there for those who are furthest away from the job market.

We are pleased to be delivering Starting Line in both London and Leeds, with ambitious plans to open more services across the country over the coming year.

## Kickstart

Kickstart is an employment service that provides highly personalised support for disabled people to find, apply for and progress in work. The service offers bespoke support that is focused on job brokerage, employer engagement and in-work support. We are delighted that The City Bridge Trust has supported the set-up of a new Kickstart service in East London. This service now complements our Kickstart service in West London, funded by GlaxoSmithKline, and our Kickstart service in Leeds.



**Goal: fulfil my potential during my early years**

## Goal: fulfil my potential during my early years

This year, we continued our research into how we can best achieve our social change ambitions to ensure disabled children and young adults fulfil their potential during their early years and as they transition into adulthood. We are preparing to launch an integrated programme of campaigning, supporter engagement and fundraising activity around this area of work in autumn 2018.

## Our services

We continued to deliver our six Sleep Solutions services, providing practical advice and interventions to parents and support workers of disabled children who are having problems sleeping. Sleep disorders can present themselves in many ways: a child may be unable to fall asleep, may wake often through the night, or be awake and ready for the day in the early hours. If your child is finding it hard to sleep, then it's likely the rest of your family are as well. And sleep deprivation can have a fundamental impact on well-being.

Over the last year, thanks to the generous support of an individual donor, we were able to research and design a new, personalised sleep service. This service will have a real impact by:

- giving our sleep services a much wider national reach
- sharing the information content digitally
- using our connections in government to get this issue on the agenda for all local authorities.

We look forward to opening the first of our new sleep services in London in July 2018, and plan to open more services across the country in coming years.

## Changing attitudes

Two-thirds of people in Britain admit to feeling awkward around disabled people. Scope Role Models is an education programme designed to educate young people about disability and end the awkwardness before it takes hold. This year, our 14 Roles Model volunteers delivered 60 sessions, reaching 3,000 secondary school students. Read more about the programme on page 28.

## Spotlight on Role Models

Attitudes to disability are still not where they should be in 2018. Scope Role Models is an education programme designed to educate young people about disability and end awkwardness before it begins.

Aimed at secondary school students aged 11 to 16 years old, the Scope Role Models programme delivers sessions in which they discuss and answer questions on issues faced by disabled people, stereotyping and the wider work of Scope. The sessions are co-facilitated by Scope and a Scope Role Model – volunteers who share their experiences to show that disabled people are from all walks of life.

### Jignesh talks about his motivation for becoming a Scope Role Model...

“When I did my first Scope Role Models session, I loved it. To me, these sessions are the future. If we can change the attitudes of people towards disability at this early age, they will grow up with a positive attitude towards disability. That’s when things will really change for disabled people.

This generation will become the employers of the future or people working on public transport. With a positive attitude towards disability, they will make sure that disabled people are thought about when plans are made.

In one session I did, we started with the question ‘Do you feel sorry for disabled people?’ And 16 out of 33 people said yes. After listening to my story, that attitude changed dramatically. Now, if they go on to meet a disabled person, I hope they won’t feel sorry for them. If they see a person in a wheelchair, maybe they’ll be like: ‘So what?’.

Attitudes are getting better, but there’s still a lot of work to be done. I want to be a part of society, but I feel like society isn’t ready for me.”



“I wanted to become a Scope Role Model to create a better future for disabled people.”

Jignesh, Scope Role Model

### Hannah is the Scope Role Model’s programme officer and tells us what a typical session is like...

“Every Scope Role Models session is different. Sometimes the students have personal experience of disability and sometimes it’s something they have never really discussed before. It’s interesting to hear some of the questions asked and our Scope Role Models do a great job of answering personal questions open, honestly and often with humour.

We work with up to 30 students at a time, so sessions are usually lively, which is great: we want them to get involved and be as vocal as possible. We use live-voting technology within the sessions, which allows the students to get really involved – they really enjoy this aspect of the session and are often surprised with the statistics and the issues disabled people living within their local community are facing.

At the end of the sessions you can see almost immediately the change in students and that already the young people are viewing disability differently. After visiting one school recently, we were told by a teacher that one of the students who had attended with his classmates now felt able to discuss his impairment with his peers for the first time as it had given him the confidence to feel understood. This is exactly the message we want to promote: let’s talk about disability and dispel some of the myths so everyone can live the life they choose.”

# Our underpinning approach

Based on Scope's values of being pioneering, courageous, connected, open and fair, a number of approaches underpin all of the work that we do.

## Putting disabled people at the heart of all we do

To achieve equality for the 14 million disabled people in England and Wales, Scope must be credible and transparent about how our activities support their aspirations. To do this, we ask disabled people to share their experience with us to help us shape our activity.

Our engagement and participation programme is designed to ensure disabled people's voices are at the heart of what we do. In its first year to March 2018, the programme centrally monitored activity and shared best practice in working together. Twelve engagement and participation leads supported 13 projects across Scope in which disabled staff, volunteer, customers and disabled peoples' organisations designed and delivered our activities with us.

## Being more impact focused

As an organisation, we want to have the biggest possible impact on disabled people's lives. As part of this commitment we are currently developing an ambitious impact framework that maps how all our work contributes to our strategic goals, such as reducing the disability employment gap or the extra costs that disabled people face. We will use robust, standardised measures and findings from our research to strengthen our evidence base. We will combine this with information and insight from disabled people on the key challenges they face, their thoughts on our services and campaigns and where change needs to happen. This will enable us to learn and improve, and invest in the areas driving the greatest change.

## Being evidence and insight driven

Over the last year we have expanded our evidence and impact capacity to ensure our services and campaigns are focused on the needs of disabled people. We have been developing some key products, such as our Research Panel, where we will develop a database of research participants to help us with our evidence and insight needs. We have recruited and interviewed 80 participants as part of 'Our lives, our journeys', a ground-breaking longitudinal research project funded by Esmée Fairbairn Foundation, which will follow the participants' lives and how they change over the next five years. We have worked with research agencies including NatCen, Britain Thinks, WPI Economics, and the University of East Anglia, to broaden our expertise and build the robustness of our research.



# Investing in our financial future

We did much work in 2017/18 to ensure the long-term financial stability of Scope – consolidating, restructuring and redirecting the focus of our income-generating areas and recruiting new senior leadership. A four-year investment model was approved by the Board in March 2018 to enable Scope to strengthen its income-generating portfolio and diversify into new areas of income generation. This investment enables Scope to accelerate and sustain growth and to mitigate against risk.

The external environment is challenging all charity fundraising. A reduction in government funding of public services has increased pressure on sourcing alternative means of funding. The as-yet-unknown, financial impact of Brexit and the reduction in public trust in charities all combine to create a difficult funding environment.

In 2017/18, on the transfer of our regulated services, Scope became voluntary-funded organisation. A sustained funding base and ongoing investment in income generation will be essential for Scope to be able to continue to deliver our ambition for everyday equality for disabled people.



## Retail

Scope's retail chain had a solid year in 2017/18. Gross income fell by £0.1 million to £22.8 million. Profits increased over last year as we succeeded in reducing the cost base of the portfolio. While sales of new and donated goods grew, there was a slight decline in gift aid and donations. During the year we closed 11 unprofitable shops to improve our overall efficiency.

Donations from our corporate partnerships are important for our success and we would like to thank all of our partners for their donated stock contributions during 2017/18 – in particular Asos, Boohoo.com, Boden, John Lewis, Dune and Laundry Republic, who together contributed up to £500,000 through sales of donated stock.

In autumn 2017, we rolled out a new electronic Gift Aid system in Scope's shops, which has already increased sign-ups and conversion rates. Gift Aid accounts for a third of our retail income, and this system is already making a positive contribution to our revenue.

As part of our investment in the creation of a strong organisational operating model, we are diversifying our retail chain and expanding into the furniture and electrical market. Having secured our first premises in early 2018, we successfully opened our first 'Home by Scope' shop in June 2018. By 2022, we are planning to have a total of 30 furniture and electrical shops.

We have also been working to upgrade our outdated retail tills to an electronic point-of-sale system across our 230 retail stores. This will increase the efficiency of an important revenue-generating aspect of our organisation. Having completed the research into our requirements, we will begin implementation in 2018.

## Fundraising

2017/18 was a significant year for the fundraising function as it saw a merger of the marketing, fundraising and communications teams into one integrated directorate. A four-year integrated investment strategy was followed by a comprehensive overhaul of the team and the recruitment of a new high-calibre senior leadership team.

A new digital engagement team was established to drive income diversification, mobilisation, influencing and cost efficiencies through digital platforms, tools and channels.

Fundraised income marginally declined by £09 million in 2017/18 to £19.3 million, owing to a significant decline in donor numbers taken forward from 2016/17. This was offset by reduced expenditure.



Five particular highlights of 2017/18 were:

- Donor recruitment numbers more than doubled in 2017/18 with the achievement of 38,500 donors. While the cost of donor recruitment increases the expenditure in fundraising in the given year, the doubling of donor numbers provides more income year-on-year in future, owing to the regular monthly gift.
- Sustaining the income and activity in the context of wholesale restructure and introduction of new leadership, new teams and staff beneath.
- The development of a four-year growth strategy and investment plan aligned to Scope's operating model.
- The success of the new digital acquisition product: Mindful Monsters, a new regular giving product. The successful start-up and first year delivery of this product won five charity and industry awards during the year for product innovation.
- The introduction and embedding of the new £2 million, four-year strategic partnership with Virgin Media and subsequent Work With Me campaign.

## Spotlight on extra costs

Life costs more if you are disabled. Our latest research finds that disabled people face costs of an additional £570 a month on average because of their impairment or condition.



For one in five disabled people, these extra costs amount to over £1,000 a month. This makes life much harder for disabled people and, as a result, they are unable to afford the same standard of living as non-disabled people.

**Marie is just one of the many disabled people who face extra costs. From a specialist wheelchair to an adapted kitchen, she tells us about some of the costs she has faced...**

“Life is a lot more expensive for me just because I’m disabled. I have to spend a lot of money on extra things just to be able to live my life.

Some extra costs are for everyday things, but others are much bigger and more difficult to manage. For example, when my wheelchair was broken and I needed to get a new one, I was told it would cost me £9,500.

I couldn’t afford that. So, instead, I had to wait five weeks to get the suspension fixed. During that time I was really limited in where I could go. It made me feel guilty as a parent because there were a lot of things I wasn’t able to do with my son.

Another big cost was having our kitchen adapted, which we had to pay for. This ended up being more than £6,000. But if I didn’t get the kitchen adapted, then I couldn’t be independent – even making a cup of tea would be difficult. I was told ‘You’ve got your husband; why do you need an adapted kitchen?’ But I’m an adult and I want to be independent just like anybody else.

The extra costs we face really limit us as a family. Without them we would be able to do so much more.”

“I was quoted £9,500 pounds for a new wheelchair. That’s such a lot of money. I had no idea where I could get that sort of money from.”

Marie, teacher

**Minesh is Scope’s Policy Manager. He tells us what Scope is doing to help tackle these extra costs head on...**

“Disabled people we speak to say they face additional living costs across many areas of their lives. From expensive purchases of specialised equipment and adaptive clothing, to greater consumption of energy and more costly insurance premiums, life costs more if you’re disabled.

In a report we published this year – ‘The disability price tag’ – we found that these extra costs amount to an average of £570 a month, which is on top of welfare payments designed to help meet these costs. This leaves disabled people with less money to spend on other things, and unable to afford the same standard of living as non-disabled people.

We’re calling for government, regulators and businesses to all play their part in tackling this problem. This means ensuring disabled people have the right support from our social security system to help with extra costs, in particular, Personal Independence Payment (PIP). However, all too often, the assessment for PIP fails to capture the full range of additional costs faced by disabled people. We want to see an overhaul of the assessment so that disabled people get the support they need to help meet disability-related costs.

For anybody who wants further information about applying for PIP or money management, check out the information on our website or speak to our helpline.

Since our report, we’ve been looking further at the additional costs disabled people experience for things like energy. We’ll also be reporting annually on disabled people’s extra costs to assess any changes over time. I’m glad that I get to work with disabled people on such an important issue, one that we cannot afford to ignore.”

# Our supporters, partners and volunteers

Our collaboration with supporters and volunteers is fundamental to our success. We are a strong community of disabled and non-disabled people, who share a vision of equality for disabled people and use our collective endeavours to achieve this.

## Thank you to our volunteers

Approximately 5,000 people volunteer for Scope – the majority of whom support us in our shops. Our shops would not exist without the daily support of our volunteers. In our services, volunteers provide vital additional support to our customers, and in fundraising, they act as valuable cheerers and marshals in our events, or support us through their involvement at a corporate level with additional expertise to complement our own.

## Thank you to our disabled Role Models and advocates

Our team of disabled role models and advocates visit schools across the country helping to change attitudes about disability. They also talk on the radio, television and on social media helping to explain how barriers in society affect their lives and discuss ways of improving these. We are immensely grateful for the time they give freely to support.

## Thank you to our commercial partners

Our partnerships help us to increase voice, reach and impact through funding of our services, by providing expertise and in-kind support, influencing a change in attitudes in business practices and policies, and by profiling our work. These collaborations are invaluable in the scale of change we can achieve together.

## Thank you to our donors and funders

Without our donors and funders we would not exist. Our thanks go to every single donor and funder for your continued support of Scope. We seek always to use your money wisely and to ensure that as much money as possible goes into supporting disabled people and their families.

## Thank you to our Patrons and Ambassadors

Our Patrons and Ambassadors lend their names and continued support to Scope, and we are grateful for the time and commitment you give to Scope every year in helping us to raise money, profile and in advocating for disabled people.



## Thank you to all our supporters, including:

Alan Rind  
Amey  
Anne Reece  
Barclays  
Barrow Cadbury Trust  
Big Lottery Fund  
City Bridge Trust  
Credit Suisse  
Esmée Fairbairn Foundation  
GSK  
Ian Stuart  
John Hammond

John Vasey  
Jonathan Price  
Leigh Day  
Penningtons Solicitors  
People's Health Trust  
Sebastian Henkes  
Simon Oldham  
Southern Co-Operative  
Steve Walford  
The BACIT Foundation  
The Constance Travis Charitable Trust  
The John Coates Charitable Trust  
The Liz and Terry Bramall Foundation  
The Sandra Charitable Trust  
The Zochonis Charitable Trust  
Virgin Media



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

Alex Brooker  
Cherie Blair  
Isabel Hudson  
James Melville-Ross  
Mark D Smith  
Neil Blackley  
Nicolas Hamilton  
Peter Brewer  
Richard Bradbury  
Richard Farr  
Richard Herring  
Sophie Morgan

## Overview

Our finances have been well managed throughout 2017/18, supporting the organisation through a period of significant change.

This has put us in a strong position to deliver our ambitious plans as set out in 'Everyday Equality', while also ensuring that we continue to invest in our longer-term sustainability.

Our positive net movement of £8.1 million in total funds is a result of:

- running our discontinuing services at an operating surplus through a period of transition (£0.5 million before the allocation of support costs)
- managing our continuing operations in line with budget, and with a small, planned operating deficit (£0.1 million before the allocation of support costs)
- the disposal of non-strategic property assets (£14.0 million profit on disposal)
- investing in delivering our strategy (£5.6 million deficit before the allocation of support costs and net of £0.7 million received as donations in-kind), and
- impairment charges on assets held for sale in Illetas Properties Limited and related goodwill of £0.7 million.

## Discontinuing operations

Discontinuing operations comprise all our regulated and day services that are primarily funded through local authority commissioning.

We operated these services throughout 2017/18, ensuring that our customers continued to receive a high quality of service during this period of transition while also carefully managing financial performance.

Fee income decreased by £5.5 million, primarily due to the transfer of three large services (Meldreth Manor School, Orchard Manor transition service and the Drummonds residential care service) to new providers during 2016/17, and the closure of the Fostering Service in 2017/18. Underlying fee income of £34.4 million for the rest of the portfolio remained in line with the prior year.

Discontinuing services generated an unrestricted surplus (excluding allocated support costs of £3.6 million (note 10)) of £0.5 million as a result of focused effort on filling customer vacancies, fee negotiation and careful cost control.

## Continuing operations

Our continuing operations generated an operating deficit of £0.1 million. Continuing operations reflect:

- income generated through our fundraising activities, retail operations, ongoing commissioned services and investment income;
- Donations and legacies reduced by £0.7 million to £17.1 million, following a reduction in the number of acquired regular donors in 2016/17.
- Our shops maintained profit broadly the same as the previous year, despite a difficult trading environment and against a more competitive charity retail market. We continued to drive up the quality of our retail portfolio by closing loss-making shops. Sales of donated and bought-in goods increased but owing to the closure of 11 shops, the income decreased by £0.1 million to £22.8 million.
- Our investment portfolio generated an income of £0.6 million (2016/17: £0.3 million) with net investment gains totalling £0.1 million (2016/17: £0.4 million).
- The cost of generating funds of £31.4 million increased by £2.3 million due to an increased investment in our regular individual giving programme. This was a considered decision to help increase income in future years to fund our growing charitable delivery and to increase our financial sustainability. In 2017/18, we recruited 38,500 new individual givers (2016/17: 18,800);
- We maintained our retail profit levels in the face of significant cost pressure, including the impact of the national minimum wage – which increased the cost base of retail operations by £70,000;
- We invested £6.0 million introducing new services to our charitable delivery, such as our Support to Work programme, which we have designed and launched, and continued charitable delivery, such as our influencing offer and our helpline, which we have grown and developed as part of our offering under 'Everyday Equality'; and
- The cost of our corporate support teams – where we have focused on reducing team sizes and increasing efficiency – reduced by £0.6 million.

## Property disposals

In 2016, the Trustees made the decision to sell our London office, the charity's highest value property asset. The London office was significantly larger than needed to meet current and anticipated future requirements. The sale was completed in August 2017, freeing up significant capital to invest in growing our charitable offer. We relocated to new rented premises in May 2018 following a period of rent-free occupancy in the old building. This, combined with other smaller property disposals, resulted in net proceeds of £14.0 million (2016/17: £11.6 million). These proceeds have been designated to fund our investment in the delivery of 'Everyday Equality'. We spent £6.3 million (before the allocation of support costs) on strategic activity in 2017/18 and hold £7.5 million in a designated fund for future years.

## Investing in building the future

Our focus in 2017/18 was to ensure that the process of divesting our regulated and day services progressed with minimum disruption to the customers affected and to ready ourselves to deliver the significant investment in our strategy for 'Everyday Equality'. We invested £6.3 million (before the allocation of support costs) in building our future, including:

- the launch of new charitable services (£0.3 million)
- the design and implementation of new digital systems, to underpin our new charitable offer (£2.3 million)
- the relocation of our head office (£0.1 million)
- the transfer of our regulated and day services to another provider (£2.0 million, gross of donations in-kind of £0.7 million (note 3))
- the design of our new people strategy (£0.3 million)
- the diversification of our income generation (£0.6 million)
- strategic change programme management (£0.7 million).

This programme of strategic investment is continuing, and budgeted to continue throughout the remaining four years of the strategy.

## Pensions

The year-end valuation of the Scope Pension Scheme, which is closed to new members and to future accrual, shows a surplus of £14.0 million based on FRS 102 assumptions (2016/17: surplus of £9.1 million). The increase in the surplus is primarily due to:

- a decrease in the discount rate during the year; and
- an increase in the assumed level of future price inflation.

This pension asset has not been recognised in the balance sheet as Scope does not have an unconditional right to a refund of any residual surplus under the Pension Trust Deed. Further details are set out in note 13 to the financial statements.

## Net assets

Our consolidated net assets of £43.6 million have increased by £8.1 million, the main drivers of which are the net proceeds of £14.0 million on the disposals of property and the £6.3 million (before the allocation of support costs) spent investing in our strategy. The proceeds of our disposals have been placed into our investment portfolio as set out in note 15 to the financial statements, and accordingly our portfolio has increased by £12 million. Part of our proceeds was also used to settle loans totalling £4.1 million secured on properties used by our discontinuing services.

Net current assets of £14.2 million are £6.2 million higher than last year. This is primarily due to current assets held for sale increasing by £9.9 million relating to the portfolio of properties used by discontinuing services being reclassified. Having previously been recognised as tangible fixed assets and an increase in accruals of £3.3 million relating to our head office relocation and discontinuing services. The divestment of regulated and day services was completed on 30 April 2018.

## Investment policy and performance

Our investment objectives are:

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

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

Scope holds three different asset categories in its investment portfolio: equities, bonds, and cash or cash equivalents. We invest our unspent restricted funds and free reserves in assets that are secure, readily convertible to cash and will sustain their value in the longer term. The balance between security, liquidity and maintaining long-term real value is achieved through the asset allocations, which reflect the reasons for our holding surplus funds (funds required at short notice versus funds required for the longer term). We have instructed our investment manager to operate the asset categories in the portfolio within the following ranges; 10% to 40% equities, 20% to 46% bonds, and 41% to 100% cash or cash equivalents.

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

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

Investment Solutions consider as representing a 'human rights risk'; and

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

The performance of the investment portfolio (against the objectives, asset allocation and ethical criteria on page 44) is formally assessed every year by the Finance Committee and reviewed quarterly by the executive.

The value of our investments at 31 March 2018 was £28.7 million (2017: £16.7 million), with additional investments funded by the proceeds from the property disposals, particularly our head office. The overall portfolio performance for the year ended 31 March 2018 was 2% ahead of the benchmark performance indices. The asset allocation at March 2018 was 27% bonds, 32% equities, 41% cash and cash equivalents.

The portfolio includes a sub-fund created to provide security to the Scope Pension Scheme. The balance on this fund at 31 March 2018 was £4.7 million, of which £4.3 million is secured for the Pension Scheme.

## Reserves policy

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

Free reserves are defined as net assets excluding restricted funds, designated funds and the portion of general and investment funds that has been used to acquire fixed assets for the charity's own use.

The level of free reserves at 31 March 2018 for the group (the charity Scope and its subsidiaries (note 16)) was £12 million (2016/17: £14.6 million); the in-year decrease was driven by introduction of a designated fund for strategic investment. Note 30 to the financial statements sets out the calculation of free reserves.

Following the sale of our head office, the Board of Trustees agreed to create a designated fund for the delivery of 'Everyday Equality' over the next four years. The Board of Trustees has agreed a

programme of investment that will utilise these surplus free reserves in our strategic transformation, putting us in a position to deliver 'Everyday Equality' and future strategies. This programme of investment includes building our future charitable offer, transforming our infrastructure, embracing digital technologies and diversifying our income generation activities. As at 31 March 2018 this designated fund had a balance of £7.5 million.

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

### Review of Scope subsidiaries

During the year ended 31 March 2018, we had three active subsidiaries: Scope Central Trading Limited, Mac Keith Press and Illetas Properties Limited, a special purpose vehicle established solely to hold the property assets of Lewis Martin Court. The activities of Scope Central Trading Limited, Illetas Properties Limited and Mac Keith Press, their assets and liabilities are included in these financial statements on a line-by-line basis. Intra-group transactions, such as sales from one group entity to another, are eliminated when consolidating the group accounts. Details of all our subsidiaries, including dormant entities, are given in notes 9 and 16.

#### Scope Central Trading Limited

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

All distributable profits raised are transferred to Scope as a Gift Aid payment. A resolution was passed by the Board of Directors of the Trading Company on 29 March 2018 and communicated to Scope on 30 March 2018, that the Gift Aid payment would be provided for in the year to which the profits relate and, as a result, no deferred tax liability would arise. Technical guidance was issued by the Institute of Chartered Accountants for England and Wales in October 2014 requiring that, where a wholly owned subsidiary gift aids its profits to its parent charity, the payments are treated as distributions in the same way as dividends.

Therefore, this has been recognised as a liability in Scope Central Trading Limited's financial statements.

The turnover for the year was £1.7 million (2016/17: £1.7 million). Net operating profit before the Gift Aid payment to Scope was £0.9 million (2016/17: £0.8 million).

#### Mac Keith Press

Mac Keith Press is a wholly owned subsidiary charity whose central purpose is the advancement of the education of the public through promotion of research in the fields of child development and paediatric neurology. Its main activity is the publication of a medical journal 'Developmental Medicine and Child Neurology', available on subscription, and purchased by medical establishments and individuals throughout the world. The journal is the leading scientific publication on child neurology. Mac Keith Press also publishes a series of professional specialist books, 'Clinics in Developmental Medicine'. The charity's income for this financial year was £469,545 (2016/17: £505,749). Sales remain static overall, with a deficit for the year of £11,071 (2016/17: surplus of £77,537).

Mac Keith Press and Scope agreed a spin-out agreement in March 2018. A special resolution was passed to amend the Charity's Articles of Association to remove Scope as the sole member of the charity with effect from 1 April 2018.

#### Illetas Properties Limited

Illetas Properties Limited is a special purpose vehicle set up for the sole purpose of operating Lewis Martin Court, a three-bungalow site offering mixed services. Rental income for the year was £162,000 (2016/17: £150,000) with a deficit of £389,280 (2016/17: surplus of £25,000).

The property held by Illetas Properties Limited was sold as one of the discontinuing regulated and day services on 30 April 2018 (note 32). The property is recognised as an asset held for sale in the subsidiary accounts, previously recognised as an investment property. The consideration allocated to these assets as part of the wider divestment transaction of £1.2 million was less than the net book value of the assets. An impairment of £0.4 million has been recognised.

# Principal risks and uncertainties

## Overview

To provide assurance that we are managing our activities effectively, we operate internal control systems within a framework of corporate assurance activities. There were no significant control issues identified in the year ended 31 March 2018.

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

Our Executive Leadership Team owns the corporate risks. The Audit and Risk Committee oversees the development and application of the corporate assurance framework. It has oversight of external audit and is responsible for agreeing an annual programme of internal audits focusing on key areas of risk. The Committee takes the lead role on risk management, which it discharges through a range of assurance mechanisms including the regular review of the corporate risk register. The Committee provides a view on the maturity of Scope's risk management framework to the Board on an annual basis. In the Committee's view Scope has dealt robustly with increasing risk arising from fundraising regulation, data protection and implementation of our strategy. There are concerns over the strain this has placed on the core risk management framework which will be a key focus in 2018/19.

Directorates identify risks as part of planning and all identified risks are subject to regular review. As part of our work to deliver our 'Everyday Equality' strategy we have included related operational, strategic and change management risks in the corporate risk register.

Certain external factors are out of our control. For example:

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

The impact of environmental factors is monitored quarterly allowing us to adjust quickly for the impact of any changes.

## Our corporate risks

Our principal corporate risks for 2017/18 are outlined herein, and include management actions taken to mitigate either the likelihood of the risk occurring or its possible impact.

### Strategic risks

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

Mitigation: we have developed detailed strategies for all directorates that underpin our five-year strategy to enable us to deliver our vision in a financially sustainable way. As part of this, we continue to develop our risk management framework in line with our new strategy.

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

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

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

Mitigation: in line with the new strategic direction, we have identified and researched our core target audiences and have implemented a communications strategy to measure awareness and knowledge scores amongst these audiences. We will monitor the impact ongoing and address investment in our brand awareness and propensity to support accordingly.

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

Mitigation: we provided management and leadership development programmes to improve capability on an ongoing basis. We monitored staff stability by reviewing statistics on staff turnover levels reported monthly and conducting a staff survey.

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

Mitigation: we actively managed a reputational risk management process and risk register. We proactively planned communications around issues that could damage our reputation, particularly around the new strategy launch and divestment of regulated and day services.

6. Our IT systems may be vulnerable to cyber-attacks, and our Business Continuity Plans and Disaster Recovery Systems may not be responsive enough.

Mitigation: our Information Security Manager has implemented an information security management programme to cover our security culture (including an information security programme), security processes (developing a set of Security Controls) and IT security tools and technology (partnering with a specialist technical security provider) as well as developing a specific programme of mitigation. Ongoing assessment of vulnerabilities and risks.

7. Our strategic transition is done badly or unsuccessfully.

Mitigation: resourcing in place to plan strategy delivery and ensure effective execution. Programme and project management systems used to ensure risks are captured and addressed in a formal framework. Multi-year plan and budget completed for remaining four years of 'Everyday Equality'.

### Operational risks

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

Mitigation: throughout the year, we regularly monitored our financial performance and forecast year-end position. Additional governance processes were introduced to authorise and monitor strategic spend. We are introducing additional controls to manage our permanent cost base and to monitor income growth achieved against targets.

9. Our long-term financial sustainability is compromised.

Mitigation: we prepared a multi-year budget for 2018/19 to 2021/22 that is designed to manage the transition period and delivering our strategy. This set out a clear plan to achieve a break-even operating result in each year, to maintain free reserves of £12 million throughout and to earmark surplus funds from the sale of assets for strategic investment by creating and managing a designated fund.

### Legal and regulatory risks

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

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

11. We fail to comply with relevant regulation or key legislation, notably in relation to the Data Protection Directive and the General Data Protection Regulation (GDPR), Employment Law and Health and Safety.

Mitigation: we have undergone a comprehensive review of our data protection processes and systems. We have appointed a Data Protection Officer, updated our privacy and consent statements, information security policies and processes, and data retention policy, and are reviewing our contracts with third parties and delivered training to our staff and volunteers. The Audit and Risk Committee regularly scrutinised progress reports and updates on the readiness for GDPR compliance.

Where available, we rely on internal advice, otherwise we use external legal advice or advice from regulators.

## Financial risk management

In the ordinary course of its activities, Scope actively manages a variety of financial risks including those in respect of credit liquidity and interest rates.

To do so, we employ a number of control mechanisms.

### Credit risk

This relates to the risk that another party fails to honour its obligation to Scope and, consequently, we suffer a financial loss.

Scope is subject to credit risk from its investment assets. However, the risk is relatively small due to the nature of the investments and credit worthiness of those who hold our investments. The relevant aspects of Scope's investments are:

- Scope's investments of £28.7 million are managed by Royal London Asset Management (RLAM), an A-credit-rated organisation. RLAM's investment performance and credit rating are overseen by our Finance Committee.
- Scope's main cash balances of £1.4 million are held in accounts managed by the Royal Bank of Scotland (RBS) NatWest Group. Smaller cash management arrangements are also held with other UK based clearing banks. The credit rating of all these banks is taken into account when reviewing credit risk.

Scope does not undertake transactions involving derivatives.

### Liquidity risk

Scope would encounter liquidity risk if we have difficulties raising cash to meet our obligations when they fall due. We monitor our exposure to liquidity risk by regularly monitoring our levels of cash and liquid assets. Scope keeps sufficient cash balances to cover its predicted obligations. In addition, Scope has access to £11.6 million of cash investments, which can be drawn down within 48 hours.

### Currency risk

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

### Interest rate risk

If the value of financial instruments or future cash flows fluctuate because of changes in interest rates, there is an interest rate risk. Scope had a number of interest-bearing loans such as mortgages on properties and specific loans arranged with both institutions and individuals. These were all settled in full within the financial year. The interest rates varied from 0% to 6%. No annual interest is now payable (2017: £219,000 per annum). Scope minimised its exposure to risk by arranging fixed-term interest rates where possible. Some loans, however, were linked to bank base rate or allowed the other party to renegotiate these after a number of years.

### Market risk

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

# Our structure, governance and management

Scope is a charitable company. Our main governing document is our Memorandum and Articles of Association, which was last amended on 26 November 2016. We are led by our Board of Trustees who serve as Directors under Company Law.

## How we are managed

Day-to-day management of Scope is delegated to the Chief Executive in accordance with the Standing Orders of the Board of Trustees and the Scheme of Delegation. These documents set out which matters are reserved solely for the Board and which are delegated to the Chief Executive. The Chief Executive is responsible for the operational management of Scope and regularly reports to the Board of Trustees on key issues.

## The Board of Trustees and its committees

Scope is governed by its Board of Trustees, which has ultimate responsibility for overseeing performance and providing strategic direction. The Board regularly reviews its own, and the Chair's performance, and has five standing Committees that report on specific issues: Audit and Risk, Customer and Supporter, Finance, People and Quality.

Each Committee has agreed terms of reference and includes Independent Members, who play an important governance role. Their contribution helps ensure advice and assurance through the committee structure is informed by relevant expertise and experience. The role is also designed to provide opportunities for people to develop in leadership roles with a view to taking on trusteeships either with Scope or elsewhere in the future. In the longer term, this approach is designed to facilitate the greater diversity of the Board of Trustees.

The Board of Trustees retains oversight of the Committees via annual reports which cover key matters considered and decisions made throughout the year. Committees also regularly provide advice and assurance to the Board of Trustees on specific matters within their areas of responsibility.

The Audit and Risk Committee oversees the development and application of the corporate assurance framework. It has oversight of internal and external auditing as well as risk management. The committee provides assurance to the Board of Trustees on these matters.

The Customer and Supporter Committee oversees Scope's engagement with customers, partners, funders and other stakeholders, and contributes to the development of these relationships in line with the organisation's strategy. The committee provides assurance to the Board of Trustees that Scope's approach to fundraising complies with all relevant legislation, guidance and regulations.

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

The People Committee oversees and reviews all strategic matters relating to people and remuneration in the organisation. This includes oversight of activities relating to staff, volunteers, Trustees and Independent Committee Members.

The Quality Committee provides assurance to the Board of Trustees on the quality of Scope's regulated services during their transition to a new provider. It has a strong focus on ensuring that good outcomes are achieved for all our customers. To achieve this remit, the committee has profited from the expertise of three Independent Committee Members with significant experience in care provision.

In addition to these standing committees, Scope also has a Transition Expert Group, an assurance body with responsibility for scrutinising the quality and progress of the strategy transition plan. This body plays an advisory role and will be in place until the period of transition to the new strategy has moved into business-as-usual operations.

## Trustee recruitment

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

The Nominations Panel has not proposed any candidates to the Members during the year. In 2016, four Trustees were recruited following a comprehensive skills audit undertaken as part of a governance review. As such, further recruitment was not undertaken in 2017/18.

All of our Trustees give their time voluntarily, and receive no rewards or benefits from Scope. Any expenses reclaimed by Trustees are set out in our financial statements.

## Board induction and Trustee training

All Trustees are provided with a comprehensive induction immediately after their appointment. The programme provides an understanding of the legal roles of trustees and directors as well as of Scope's history, structure, mission and purpose.

Trustees are required to visit Scope services and shops on a regular basis. This allows Trustees to meet with staff and volunteers whilst also ensuring that the Board of Trustees has a direct experience of our charitable offer and our operations.

Appraisals are undertaken by way of Trustees having one-to-one sessions with the Chair of the Board and setting individual objectives for the year. Through this process any training or induction needs are identified and addressed.

## Scope Assembly

The Scope Assembly is a group elected by the membership for the purpose of communicating Members' to Trustees and members of the Executive Leadership Team. Meetings take place twice a year and provide Members with updates on key areas of our work and encourage Members' feedback on important decisions and initiatives. The Assembly is enshrined within Scope's Articles of Association.

## Charity Governance Code

The Board of Trustees considers Scope to have high-quality governance arrangements which have been further strengthened through the external governance review undertaken in late 2016. During the year, Trustees welcomed the introduction of the Charity Governance Code and acknowledge this as a helpful tool to appraise and improve governance arrangements. The Board of Trustees will undertake a comprehensive self-assessment against the code in 2018/19.

## Fundraising governance

Scope raises funds so that we can have the greatest impact on the lives of disabled people – today through our direct service provision and in the future through social change and service provision.

Our supporters help us by volunteering their time, raising funds through donations, participating in events, campaigning, and through working in collaboration to increase impact.

In addition, corporate partnerships, trusts and high net worth individuals enable us to fund innovative, evidence-based services and provide reach, voice and impact for our work in addition to offering their valuable time and expertise pro bono.

We adhere to the highest standards of professional fundraising, and actively encourage our staff to join the Institute of Fundraising's training courses and specialist interest groups. We subscribe to the Fundraising Regulator to ensure that we are respectful, open, honest and accountable in line with our organisational values. We are transparent about how we raise and use public donations and the impact they have on the lives of disabled people and their families.

We take great care in contracting third-party supplier relationships and regularly monitor the fundraising activity of those acting on our behalf. Our agencies are mystery shopped and shadowed regularly to ensure they are acting to the standards we expect of them.

We directly contributed to the donor commission report and to the Fundraising Regulator recommendations around consent and have acted on their subsequent guidance.

The publication of CC20 by the Charity Commission provides guidance to Trustees on their duty of oversight of fundraising practices. We have provided guidance to the Board of Trustees on their role in overseeing fundraising practice and provide regular briefing papers for the designated Committee.

### Gender pay

Scope is committed to openness in all that it does, hence we support gender pay gap reporting and compliance with the new government guidelines on publication on pay data for all organisations employing more than 250 people.

Most of our workforce is female: 79% women, 21% men. The percentage of women is high across all quartiles, and only slightly lower in the upper quartile. We must work to maintain this and ensure that both women and men can aspire to the highest level in our organisation.

Scope has a gender pay gap of 11%, which we recognise demonstrates the need to take prompt and robust action. We will do so even though the gap is below the national average of 18% and we are mindful that the shape of our workforce will change in the coming year. The reported median pay gap, at 0% is due to the large number of support workers within one level, who are paid around the mid-point.

### GDPR compliance

This year, we undertook an extensive work to ensure Scope's compliance with the General Data Protection Regulation (GDPR). We recruited a designated GDPR lead who led the delivery of GDPR across Scope. Data governance and contact permissions have been reviewed, and all staff have been trained to ensure understanding and compliance across the organisation.

### Safeguarding

The Board of Trustees takes safeguarding extremely seriously and is committed to promoting the welfare and well-being of children and adults at risk. Furthermore, Scope acknowledges a wider responsibility to protect and safeguard all who encounter the organisation. The Board of Trustees holds ultimate responsibility for safeguarding in the organisation and puts measures in place to ensure incidents and allegations are responded to in a robust and timely way.

Alongside other serious incident reporting, Scope reports safeguarding matters to the Charity Commission and other regulators in line with the relevant guidance.

### Directors and Trustees' indemnity

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

### How senior pay is set

Our overall policy on pay and reward is agreed by the People Committee and approved by the Board of Trustees. This includes reviewing recommendations from the Chief Executive regarding the Executive Leadership Team's remuneration. The Committee also makes recommendations to the Board of Trustees on the Chief Executive's remuneration.

We believe it is important to be transparent about the pay levels of our Executive Leadership Team and how they are set. The gross annual salary and total employer pension contributions paid by Scope during 2017/18 is shown in the following table:

Role	Gross salary as at 31 March 2018 (£)	Employer pension contributions in 2017/18 (£)	Retention and performance bonus (£)	Total financial reward (£)
Chief Executive	130,290	6,417	25,800*	162,507
Chief Operating Officer	121,200	4,463	12,000*	137,663
Chief Digital Officer	131,300	391	-	131,691
Executive Director of Marketing Fundraising and Communications	111,100	391	-	111,491
Executive Director of Operations	101,000	391	25,000**	126,391
Executive Director of Retail	81,608	391	16,322**	98,321
Executive Director of Customer Strategy and Experience	85,850	5,151	-	91,001
Executive Director of Policy and Research	85,850	3,219	-	89,069

\* Retention and performance bonus paid as an additional employer pension contribution

\*\* Retention and performance bonus paid through payroll and subject to income tax and national insurance deductions

The aggregate amount of taxable earnings paid to the Executive Leadership Team for the year ended 31 March 2018 was £855,406 (2017: £581,626). The aggregate employer pension contributions paid was £20,814 (2017: £12,054). The total amount of additional earnings and employer pension contributions for the members of the team who left during the year was £nil (2017: £102,027). Scope operates a number of pension schemes and employer contributions will vary depending on scheme membership and length of service.

In setting the pay and reward for senior staff we evaluate the role for internal comparison by different job families to ensure consistency of reward across our pay structure. We also benchmark externally using market data taken from sector pay surveys and reports. We aim to set pay and reward at the market median in the charity sector. However, some flexibility can be applied to take into consideration the specific requirements for each post and to ensure we can recruit the best candidate possible to help us fulfil our aims and meet the needs of our beneficiaries.

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

### Statement of Trustees' responsibilities

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

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

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

that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the 'Accounting and Reporting by Charities: Statement of Recommended Practice 2015' ('Charities SORP');
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Board of Trustees is responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Board of Trustees is aware:

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

The Board of Trustees is responsible for the maintenance and integrity of the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



**Andrew McDonald, Chair**  
27 July 2018

## Independent auditors' report to the members of Scope

## Report on the audit of the financial statements

### Our opinion

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

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Accounts (the 'Annual Report'), which comprise:

- the group and parent charitable company balance sheets as at 31 March 2018;
- the group's statement of financial activities
- the group's cash flow statement for the year then ended and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### Strategic Report and Annual Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Annual Report. We have nothing to report in this respect.

### Responsibilities for the financial statements and the audit Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 60, the Trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



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

**Date: 27th July 2018**



# Group statement of financial activities

(Incorporating an income and expenditure account)

For the year ended 31 March 2018

There were no gains or losses during the year other than those included in the statement of financial activities. There is no material difference between the net incoming resources before other recognised gains and losses and their historic cost equivalent.

	Note	Continuing operations			Discontinuing operations						
		Unrestricted funds £000	Restricted funds £000	Total funds £000	Unrestricted funds £000	Restricted funds £000	Total funds £000	Total funds 2018 £000	Unrestricted funds £000	Restricted funds £000	Total funds 2017 £000
<b>Income and endowments from:</b>											
Donations and legacies	3	14,750	2,341	17,091	88	(125)	(37)	17,054	16,229	1,558	17,787
Other trading activities	4	22,802	-	22,802	-	-	-	22,802	22,917	-	22,917
Investments	5	589	-	589	-	-	-	589	335	-	335
Charitable activities:											
Fees		281	(2)	279	34,416	(1)	34,415	34,694	39,836	48	39,884
Grants	6	273	1,350	1,623	656	-	656	2,279	1,073	1,390	2,463
Sales and ancillary income	7	2,291	233	2,524	625	9	634	3,158	2,666	187	2,853
Other	8	13,838	-	13,838	197	-	197	14,035	11,613	(3)	11,610
<b>Total income and endowments</b>		<b>54,824</b>	<b>3,922</b>	<b>58,746</b>	<b>35,982</b>	<b>(117)</b>	<b>35,865</b>	<b>94,611</b>	<b>94,669</b>	<b>3,180</b>	<b>97,849</b>
<b>Expenditure on:</b>											
Raising funds	10	31,434	13	31,447	-	-	-	31,447	28,542	625	29,167
Charitable activities:											
Residential care services for disabled adults	10	1,142	-	1,142	11,409	123	11,532	12,674	18,507	254	18,761
Home or community-based day services for disabled adults	10	335	-	335	2,034	476	2,510	2,845	3,219	609	3,828
Education services	10	(52)	-	(52)	17,752	816	18,568	18,516	18,649	1,068	19,717
Inclusion and transition services	10	(4)	-	(4)	5,998	325	6,323	6,319	7,365	457	7,822
Information, advice, employment and support services	10	2,351	(16)	2,335	1,748	331	2,079	4,414	4,793	221	5,014
Influencing and campaigning	10	1,898	103	2,001	-	-	-	2,001	2,408	183	2,591
Strategic spend	10	6,631	107	6,738	-	-	-	6,738	2,982	-	2,982
Other	10	522	-	522	-	-	-	522	728	111	839
<b>Total expenditure</b>	<b>10</b>	<b>44,257</b>	<b>207</b>	<b>44,464</b>	<b>38,941</b>	<b>2,071</b>	<b>41,012</b>	<b>85,476</b>	<b>87,193</b>	<b>3,528</b>	<b>90,721</b>
Net gains on investments	15	88	-	88	-	-	-	88	406	-	406
<b>Net income/(expenditure)</b>		<b>10,655</b>	<b>3,715</b>	<b>14,370</b>	<b>(2,959)</b>	<b>(2,188)</b>	<b>(5,147)</b>	<b>9,223</b>	<b>7,882</b>	<b>(348)</b>	<b>7,534</b>
Transfers between funds	24	212	(212)	-	14	(14)	-	-	-	-	-
Actuarial loss on defined benefit pension schemes	13	(1,121)	-	(1,121)	-	-	-	(1,121)	(124)	-	(124)
<b>Net movement in funds</b>		<b>9,746</b>	<b>3,503</b>	<b>13,249</b>	<b>(2,945)</b>	<b>(2,202)</b>	<b>(5,147)</b>	<b>8,102</b>	<b>7,758</b>	<b>(348)</b>	<b>7,410</b>
<b>Fund balances brought forward at 1 April</b>		<b>33,028</b>	<b>3,900</b>	<b>36,928</b>	<b>159</b>	<b>(1,616)</b>	<b>(1,457)</b>	<b>35,471</b>	<b>25,439</b>	<b>2,622</b>	<b>28,061</b>
<b>Fund balances carried forward at 31 March</b>		<b>42,774</b>	<b>7,403</b>	<b>50,177</b>	<b>(2,786)</b>	<b>(3,818)</b>	<b>(6,604)</b>	<b>43,573</b>	<b>33,197</b>	<b>2,274</b>	<b>35,471</b>

# Group and charity balance sheets

As at 31 March 2018

	Note	Group		Charity	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Fixed assets</b>					
Tangible assets	14	2,965	16,516	2,958	14,461
Investments	15	28,742	16,710	28,742	17,652
<b>Total fixed assets</b>		<b>31,707</b>	<b>33,226</b>	<b>31,700</b>	<b>32,113</b>
<b>Current assets</b>					
Assets held for sale	17	13,178	3,262	11,978	3,262
Stocks		322	358	7	29
Debtors	18	11,940	8,632	13,037	9,094
Cash at bank and in hand		1,359	4,273	850	3,714
<b>Total current assets</b>		<b>26,799</b>	<b>16,525</b>	<b>25,872</b>	<b>16,099</b>
<b>Creditors: amounts falling due within one year</b>		<b>(12,582)</b>	<b>(8,493)</b>	<b>(12,451)</b>	<b>(8,457)</b>
<b>Net current assets</b>		<b>14,217</b>	<b>8,032</b>	<b>13,421</b>	<b>7,642</b>
<b>Total assets less current liabilities</b>		<b>45,924</b>	<b>41,258</b>	<b>45,121</b>	<b>39,755</b>
<b>Creditors: amount falling due after more than one year</b>	<b>20</b>	<b>-</b>	<b>(3,238)</b>	<b>-</b>	<b>(3,238)</b>
Provision for liabilities and charges	22	(816)	(889)	(816)	(889)
Defined benefit pension liability	13	(1,535)	(1,660)	(1,535)	(1,660)
<b>Net assets</b>		<b>43,573</b>	<b>35,471</b>	<b>42,770</b>	<b>33,968</b>
<b>Funds</b>					
Restricted income funds	24	3,575	2,274	3,512	2,274
Unrestricted income funds (including investment revaluation reserve)	24	39,998	33,197	39,258	31,694
<b>Total funds</b>		<b>43,573</b>	<b>35,471</b>	<b>42,770</b>	<b>33,968</b>

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

The notes on pages 73 to 107 form part of these financial statements.

The financial statements on pages 68 to 107 were approved by the Board of Trustees on 27 July 2018 and signed on its behalf by:



**Andrew McDonald, Chair**  
Company number: 520866

# Group cash flow statement

For the year ended 31 March 2018

	Note	Group	
		2018 £000	2017 £000
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(2,620)	(598)
<b>Cash flows from investing activities:</b>			
Investment income received		585	327
Interest received		4	8
Purchase of tangible fixed assets		(2,329)	(609)
Sale of tangible fixed assets		17,525	14,467
Transfer of cash to investments		880	1,115
Investments		-	-
Purchase of fixed asset investments		(13,000)	(17,760)
Sale of fixed asset investments		107	5,804
Net cash provided by investing activities		3,772	3,352
<b>Cash flows from financing activities:</b>			
Capitalised interest on loan		118	219
Capital repayments of property loans		(4,066)	(563)
Interest repayments of property loans		(118)	(219)
Net cash used in financing activities		(4,066)	(563)
<b>Change in cash and cash equivalents in the reporting year</b>		<b>(2,914)</b>	<b>2,191</b>
Cash brought forward at 1 April		4,273	2,082
Cash carried forward at 31 March		1,359	4,273

## Notes to Group cash flow statement

### A. Reconciliation of net income to net cash flow from operating activities

	Group	
	2018 £000	2017 £000
Net income for the reporting year	8,102	7,410
<b>Adjustments for:</b>		
Net gains on investments	(88)	(406)
Investment income received	(585)	(327)
Interest receivable	(4)	(8)
Interest payable	118	219
Depreciation charges	1,729	2,156
Depreciation charges – impairment	707	-
Profit on sale of tangible fixed assets	(14,035)	(11,610)
Decrease in stock	36	128
(Increase)/Decrease in debtors	(3,308)	479
Increase in creditors	4,906	1,030
(Decrease)/Increase in provisions for liabilities and charges	(198)	331
<b>Net cash used in operating activities</b>	<b>(2,620)</b>	<b>(598)</b>

## Notes to the financial statements

### 1. Accounting policies

#### Basis of preparation

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

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

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

The charity is a public benefit entity.

#### Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of Scope and its subsidiary undertakings. The total incoming resources attributable to the charity were £93 million (2017: £95.5 million). The net movement in funds attributable to the charity included pension scheme actuarial losses of £1.1 million (2017: £124,000) and investment gains of £88,000 (2017: £406,000). There were no other recognised gains and losses attributable to the charity.

As permitted by Section 408 of the Companies Act 2006, and also FRS 102, no separate statement of financial activities is presented in respect of the parent charity. Subsidiaries are included in these financial statements on a line-by-line basis.

#### Incoming resources

All income is recognised in the statement of financial activities when the conditions for receipt have been met (i.e. there is entitlement to the funds), it is at least probable that the funds will be received and the funds can be reliably measured. The following accounting policies are applied to income:

#### Fees for services

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

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

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

### **Sales and ancillary income**

Sales income comprises income for the sale of Mac Keith Press books and journals, rent receivable, sponsorship, rent receivable and other incoming resources from charitable activities (see note 7). Sales and ancillary income are recognised on the date of sale.

Royalty income is recognised on the date of the related sale.

### **Donations, gifts and legacies**

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

Donations and all other receipts from fundraising are included gross when received. Gift Aid, to which Scope is entitled but is not yet received at the year end, is included in incoming resources in the statement of financial activities and shown as a debtor in the balance sheet.

Donations in-kind are recognised at their value to Scope when received and an equivalent amount is included in the appropriate category of expenditure.

Assets given for use by Scope are recognised as incoming resources at their estimated fair value when received and an equivalent amount is included in the appropriate cost line. If they form part of the fixed assets at the year-end, they are included in the balance sheet at the value at which the gift was included in incoming resources.

Donated goods for sale in Scope shops are recognised as income when sold on a cash basis. Where a claim for repayment of income tax (Gift Aid) has or will be made, such income is grossed up for the tax recoverable. The financial statements do not include volunteer time as this cannot be reliably estimated.

### **Legacies**

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

### **Retail income**

Retail income, including donated goods for sale in Scope shops, is recognised as income when the sale takes place. Where a claim for repayment of income tax (Gift Aid) has been or will be made, such income is grossed up for the tax recoverable.

### **Investment income**

Investment income is recognised when receivable.

### **Resources expended**

All resources expended have been accounted for on an accruals basis. Support costs, which are not directly attributable to raising income or charitable activities, are allocated to those categories on an appropriate basis (note 10). Irrecoverable VAT is included with the expense item to which it relates.

### **Charitable expenditure**

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

#### **Residential care services for disabled adults**

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

#### **Education services**

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

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

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

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

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

#### **Influencing and campaigning**

Represents costs relating to campaigning work with and for disabled people.

#### **Support costs**

Scope's operating costs include staff costs, rent and other related costs. All costs are allocated between the costs of raising income, activities in furtherance of the charity's objects and other costs. Most costs incurred by Scope are directly attributable to individual activities. Where costs are not directly attributable to particular activities, they are apportioned on an appropriate basis (note 10).

#### **Governance**

Governance costs comprise Company secretariat, Annual General Meeting (AGM), membership and external and internal audit. Central administration costs, meeting expenses and AGM costs include expenditure required to support disabled Trustees and Members to participate fully in the governance of Scope.

The costs also include an allocation of indirect costs to cover support from the Chief Executive, and other Executive Directors and service departments.

## Tangible fixed assets

Freehold properties and other tangible assets are stated in the balance sheet at cost, or if donated at the fair value at the date of receipt, less accumulated depreciation. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets at the following rates:

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

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

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

## Asset impairment

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

If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of financial activities.

## Assets for resale

Assets for resale are recognised within current assets at the lower of net book value and net realisable value.

## Funds

Scope maintains various funds as follows:

### Restricted funds

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

### Unrestricted funds

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

## Financial assets and liabilities

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

Debtors and creditors treated as financial assets and liabilities (notes 18, 19 and 20) are measured at transaction price, less any impairment. Cash balances are stated at present value. Loans and mortgages are stated at amortised cost.

## Leases

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

## Stocks

Stocks are stated at the lower level of cost and net realisable value, and are valued using the weighted-average method. Stock is annually reviewed with a provision made for stock that is unlikely to be sold. Stocks of unsold donated goods are not valued for balance sheet purposes, since their cost is nil and their value is uncertain until sold. A stock provision of £35,461 (2017: £20,000) was made.

### Termination benefits

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

### Pension costs

The statement of financial activities includes:

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

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

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

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

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

### Connected charities

Mac Keith Press, a charity that is a separately incorporated entity, was under the control of Scope until 31 March 2018. This relationship required Mac Keith Press to publish its key works during the year, and Scope to provide financial support to the Charity. It has been treated as a wholly owned subsidiary at the balance sheet date, and while required to prepare its own financial statements, its results and assets and liabilities have been included in the consolidated accounts on a line-by-line basis.

### Irrecoverable VAT

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

## 2. Critical accounting judgements and estimation

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

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

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

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

The Charity has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset in the balance sheet. The assumptions reflect historical experience and current trends. The valuation is particularly sensitive to the impact of the discount rate assumption on scheme liabilities: a variation of 0.1% per annum results in a change to the surplus of around £1.2 million.

See note 13 for the disclosures relating to the defined benefit scheme.

Legacy income for which confirmation of the amount has not been received as at the balance sheet date has not been included in the incoming resources. The value of these legacies is estimated as £281,073 (2017: £268,077).

### 3. Donations and legacies

	Group	
	2018 £000	2017 £000
<b>Donations and gifts:</b>		
Services (discontinuing operations)	-	14
Retail	333	254
Individual giving	8,063	8,803
Events fundraising	949	1,228
Philanthropy and corporate partnerships	2,576	1,593
Trusts	139	426
Donations in-kind	651	703
Other voluntary fundraising	-	121
	<b>12,711</b>	<b>13,142</b>
<b>Legacies</b>	<b>4,343</b>	<b>4,645</b>
	<b>17,054</b>	<b>17,787</b>

Donations in-kind are for professional advice received by Scope in relation to its strategy and the transfer of its regulated services to another provider.

### 4. Other trading activities

	Group	
	2018 £000	2017 £000
Gift Aid commission	1,085	1,196
Sale of donated and bought in goods	21,465	21,211
Raffles in shops	144	140
Other income	108	370
	<b>22,802</b>	<b>22,917</b>

### 5. Income from investments

	Group	
	2018 £000	2017 £000
Interest received on bank deposits	4	8
Income from listed investments	585	327
	<b>589</b>	<b>335</b>

### 6. Grants receivable

	Unrestricted funds £000	Restricted funds £000	2018 total £000	2017 total £000
<b>Central government grants:</b>				
Ingfield Manor School	599	-	599	617
Other central government grants <£50,000	8	-	8	-
<b>Total central government grants</b>	<b>607</b>	<b>-</b>	<b>607</b>	<b>617</b>
<b>Local authority grants:</b>				
Sleep Solutions Cornwall	-	29	29	-
Scope Activities Leeds	273	-	273	350
Walton Children's Centre	37	-	37	198
Other local authority grants <£50,000	1	-	1	45
<b>Total local authority grants</b>	<b>311</b>	<b>29</b>	<b>340</b>	<b>593</b>
<b>Big Lottery Fund grants:</b>				
Face 2 Face Stoke	-	38	38	99
Face 2 Face Cornwall	-	99	99	96
Face 2 Face Cymru Development	-	96	96	96
Face 2 Face North West	-	382	382	362
Face 2 Face Solihull	-	-	-	89
Face 2 Face East London	-	56	56	156
Face 2 Face North London	-	29	29	78
Other < £50,000	-	10	10	5
<b>Total Big Lottery Fund grants</b>	<b>-</b>	<b>710</b>	<b>710</b>	<b>981</b>
<b>Other grants:</b>				
Esmée Fairbairn Foundation	-	125	125	-
People's Health Trust – Local People's Programme	-	224	224	173
City Bridge Trust	-	73	73	-
School for Parents – Ingfield	10	-	10	18
RF – Helpline Response team	-	63	63	53
Other grants <£50,000	1	126	127	28
<b>Total other grants</b>	<b>11</b>	<b>611</b>	<b>622</b>	<b>272</b>
<b>Total grants receivable</b>	<b>929</b>	<b>1,350</b>	<b>2,279</b>	<b>2,463</b>

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

## 7. Sales and ancillary income from charitable activities

	Group	
	2018 £000	2017 £000
Mac Keith Press and other book sales	470	506
Thorngrove Garden Centre	190	193
Ancillary services income	1,260	1,264
Rent receivable and other income	1,238	890
	<b>3,158</b>	<b>2,853</b>

## 8. Other income

	Group	
	2018 £000	2017 £000
Gain on sale of property	14,035	11,515
Gain on sale of other tangible fixed assets	-	95
	<b>14,035</b>	<b>11,610</b>

## 9. Subsidiaries' income and costs

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

	Scope Central Trading Limited £000	Mac Keith Press £000	Illetas Properties Limited £000	2018 total £000	2017 total £000
<b>Turnover</b>	<b>1,708</b>	<b>470</b>	<b>162</b>	<b>2,340</b>	<b>2,377</b>
Cost of sales	(869)	(481)	(125)	(1,475)	(1,403)
<b>Gross profit</b>	<b>839</b>	<b>(11)</b>	<b>37</b>	<b>865</b>	<b>974</b>
Administration and other costs	(2)	-	(426)	(428)	(148)
Other operating income	16	-	-	16	46
<b>Operating profit/(loss)</b>	<b>853</b>	<b>(11)</b>	<b>(389)</b>	<b>453</b>	<b>872</b>
Taxation	-	-	-	-	-
<b>Net income</b>	<b>853</b>	<b>(11)</b>	<b>(389)</b>	<b>453</b>	<b>872</b>

Income and expenditure raised by the subsidiaries has been incorporated into the appropriate sections in the statement of financial activities, relating to the relevant department.

As at 31 March 2018 Scope Central Trading Limited had £100 net assets (2017: £100). This comprised assets of £377,230 (2017: £290,778) and liabilities of £377,130 (2017: £290,679). Scope Central Trading Limited passed a resolution on 28 March 2018 and communicated to Scope on 29 March 2018 that all distributable profit would be paid by Gift Aid to Scope during the year in which it arises. This results in no deferred tax charge arising to be paid on the 2017/18 net profits.

As at 31 March 2018, Mac Keith Press had net assets of £504,867 (2017: £516,142). This comprised assets of £615,525 (2017: £575,376) and liabilities of £118,116 (2017: £60,331).

As at 31 March 2018, Illetas Properties Limited had net assets of £137,337 (2017: £682,229). This comprised assets of £1.2 million (2017: £1.8 million) and liabilities of £0.9 million (2017: £1.1 million).

Learning Disabilities Resources Limited did not trade in the year ended 31 March 2018. At 31 March 2018 the subsidiary had net assets of £1.

The registered address of all continuing entities is Here East Press Centre, 14 East Bay Lane, E15 2GW.

Scope had deemed control of Mac Keith Press up to 31 March 2018. Mac Keith Press and Scope agreed a spin-out agreement in March 2018. A special resolution was passed to amend the Charity's Articles of Association to remove Scope as the sole member of the charity with effect from 1 April 2018.

Scope holds 100% of the share capital of Scope Central Trading Limited and Illetas Properties Limited (see note 16).

## 10. Analysis of total expenditure and support costs

The Group	Activities undertaken directly £000	Support costs £000	2018 total £000	2017 total £000
<b>Cost of raising income:</b>				
Cost of raising donations and legacies	8,365	471	8,836	6,208
Cost of goods sold and other costs	20,757	1,854	22,611	22,959
<b>Total cost of raising income</b>	<b>29,122</b>	<b>2,325</b>	<b>31,447</b>	<b>29,167</b>
<b>Charitable activities:</b>				
Residential care services for disabled adults and young people	11,592	1,082	12,674	18,761
Home or community-based day services for disabled adults	2,553	292	2,845	3,828
Education services	16,748	1,768	18,516	19,717
Inclusion and transition services for disabled children and young people	5,725	594	6,319	7,822
Information, advice, employment and support services	4,061	353	4,414	5,014
Influencing and campaigning	1,834	167	2,001	2,591
Strategic expense	6,326	412	6,738	2,982
<b>Total cost of charitable activities</b>	<b>48,839</b>	<b>4,668</b>	<b>53,507</b>	<b>60,715</b>
Governance costs	-	226	226	390
Pensions finance charge (note 13)	296	-	296	449
<b>Net total expenditure</b>	<b>78,257</b>	<b>7,219</b>	<b>85,476</b>	<b>90,721</b>

Support costs of £7.2 million are split between continuing operations £3.6 million and discontinuing operations £3.6 million

Support costs	Management overheads, HR and comms £000	Finance and purchasing £000	Information technology £000	Property and facilities £000	2018 total £000	2017 total £000
<b>Cost of raising income:</b>						
Cost of raising donations and legacies	72	229	37	133	471	632
Shop costs	637	547	501	169	1,854	3,097
	<b>709</b>	<b>776</b>	<b>538</b>	<b>302</b>	<b>2,325</b>	<b>3,729</b>
<b>Charitable activities:</b>						
Residential care services for disabled adults	368	314	301	99	1,082	2,136
Home or community-based day services for disabled adults	90	69	72	61	292	1,112
Education services	668	453	539	108	1,768	3,103
Inclusion and transition services for disabled children and young people	218	154	174	48	594	1,173
Information, advice, employment and support	108	106	92	47	353	732
Influencing and campaigning	44	51	33	39	167	252
Strategic expense	104	168	50	90	412	-
<b>Total support costs – charitable activities:</b>	<b>1,600</b>	<b>1,315</b>	<b>1,261</b>	<b>492</b>	<b>4,668</b>	<b>8,508</b>
Governance costs	226	-	-	-	226	111
<b>Total support costs for 2018</b>	<b>2,535</b>	<b>2,091</b>	<b>1,799</b>	<b>794</b>	<b>7,219</b>	<b>12,348</b>
Total support costs for 2017	7,134	2,072	1,925	1,217	-	-

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

The basis of allocation for support costs are as follows:

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

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

## 11. Net income

	Group	
	2018 £000	2017 £000
<b>Net income for the year are stated after charging/(crediting):</b>		
<b>Auditors' remuneration:</b>		
Audit of these financial statements	67	94
Audit of the Charity's subsidiaries	10	10
Non-audit fees*	-	244
<b>Interest payable on:</b>		
Property loans	-	219
Profit on the sale of fixed assets	(14,035)	(11,610)
<b>Depreciation of tangible fixed assets:</b>		
Owned assets	1,729	2,092
Owned assets – impairment charges	707	-
Leased assets	-	64
Net pension finance cost	279	439
Equipment	182	301
Property	5,286	5,461
Motor vehicles	411	454

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

## 12. Information regarding employees and Trustees

	Group	
	2018 £000	2017 £000
<b>Staff costs comprise:</b>		
Wages and salaries	45,300	48,446
Social security costs	3,411	3,593
Other pension costs	1,407	1,463
	50,118	53,502
Payments made to independent third parties for the provision of staff	2,164	2,569
<b>Total payroll and staff related costs</b>	<b>52,282</b>	<b>56,071</b>

In addition to the payroll and staff costs set out in the table, redundancy payments of £394,366 (2017: £529,971) and ex gratia payments of £43,410 (2017: £229,455) were made to staff. Ex gratia payments were made as part of Settlement Agreements with former employees at the time of leaving, and had been fully paid in the year. These payments are managed through the Human Resources team in line with approved policy and procedure and authorised in accordance with the Scheme of Delegation based on the size of payment.

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

	2018	2017
	£000	£000
<b>Average number of employees during the year:</b>		
Residential care services for disabled adults	421	461
Home or community-based day services for disabled adults	104	99
Education services	663	577
Inclusion and transition services for disabled children and young people	235	210
Information, advice, employment and support services	117	118
Influencing and campaigning	33	24
Governance	2	3
Retail staff	584	493
Voluntary fundraising staff	36	43
Support staff	95	108
Strategic staff	25	24
	<b>2,315</b>	<b>2,136</b>

The average full time equivalent headcount for the year was 1,881 (2017: 2,057). The full time equivalent excludes hourly paid casual workers due to the variable nature of the hours worked.

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

	2018 No longer employed	2018 Still employed	2018 Number	2017 Number
£ 60,000 – £70,000	3	3	6	11
£ 70,001 – £80,000	3	–	3	6
£ 80,001 – £90,000	–	6	6	5
£ 90,001 – £100,000	2	–	2	3
£100,001 – £110,000	1	–	1	–
£110,001 – £120,000	–	1	1	1
£120,001 – £130,000	–	1	1	1
£130,001 – £140,000	–	2	2	–
	<b>9</b>	<b>13</b>	<b>22</b>	<b>27</b>

Scope operates an auto enrolment defined contribution scheme as its main pension provision for staff. Scope also makes contributions to the Teachers' Pension Scheme operated by the Department for Education for certain staff and to the Pensions Trust Growth Plan as described in note 13. The number of senior staff to whom retirement benefits are accruing under the defined contribution scheme is 21 (2017: 25) and defined benefit schemes is 3 (2017: 4). Contributions paid for the year in respect of senior staff included in the table above for all the different schemes, amounted to £132,094 (2017: £131,935).

No directors left during the year (2017: directors who left during the year received £98,634).

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration paid in respect of these individuals was £855,406 (2017: £581,626).

No Trustee or person closely related or connected by non-charitable trust or business to them, has received any remuneration or other benefit from Scope during the year other than as a beneficiary on non-preferential terms (2017: none). During the year, the total of personal expenses directly or indirectly reimbursed to the Trustees amounted to £7,601 (2017: £7,477) for travel, subsistence and accommodation incurred in the furtherance of their duties as Trustees, and was paid to 8 (2017: 10 Trustees).

## 13. Pension scheme

### Scope operates a number of pension schemes.

1. Scope operates a defined benefit pension scheme. The Scope Pension Scheme was closed to new members and new accruals in 2007. Current membership of the scheme is 864 (2017: 827) pensioners and 909 (2017: 957) deferred members. Scope assumes the risks for Mac Keith Press, which is included in the Group's scheme. The Scheme is managed separately to Scope's finances by Scope Pension Trustee Limited, which delegates services to a variety of bodies. Contributions to cover expenses and to recover any deficit in the scheme are paid from time to time to the scheme in accordance with the Schedule of Contributions agreed between the Trustee and Scope.
2. The defined contribution stakeholder pension plan was opened on 1 October 2003 when the Scope Pension Scheme was closed to new members. The stakeholder scheme was closed to further contributions on 30 June 2013. On 1 July 2013, and in order to comply with Government legislation on auto enrolment, a defined contribution Group Personal Pension Plan was opened to replace the stakeholder pension plan. Employees were able to join on inception or under the rules of auto enrolment with a deferred period of three months. There are 1,797 (2017: 1,997) active members of the scheme.

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

3. The Pensions Trust's Growth Plan (the 'Plan'). The Plan is funded and is not contracted-out of the state scheme. The plan is currently in deficit and from April 2013 Scope will contribute additional payments to reduce this deficit. In 2018 this payment was £184,064 (2017: £179,000). There are 2 (2017: 2) active members of the scheme.
4. Scope also contributed to the Teachers' Pension Scheme (TPS), a defined benefits scheme operated by the Department for Education in respect of certain members of staff. Scope's total contribution for the year in respect of this scheme was £317,054 (2017: £326,140). As of 30 April 2018, all members had transferred to another provider under TUPE. There are 28 (2017: 33) active members of the scheme.

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

The pensions cost normally is assessed no less than every four years in accordance with the advice of the Government Actuary. The latest position is that the TPS are waiting for final HM Treasury Directions. The Directions specify details of the data, methodology and assumptions to be used in the valuation.

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

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

Additional details are provided for the primary schemes as follows:

### 1. Scope Pension Scheme

Scope operates a defined benefit pension scheme, the Scope Pension Scheme. The scheme funds are administered by Trustees and are independent of Scope's finances.

Contributions are paid to the scheme in accordance with the Schedule of Contributions agreed between the Trustee and Scope.

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

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

As part of the deficit recovery plan, a Schedule of Contributions was agreed in June 2016. From January 2015 to July 2016 a monthly payment of £112,500 was made with respect to the shortfall of funding in the Scheme. In November 2015 the pensions in payment had been insured with Just Retirement through a buy-in. Following a data cleanse, a true-up premium in respect of the buy-in of £2,712,867 became payable in August 2017, with £1,312,867 funded from surplus within the pension scheme at the time the premium was due and £1,400,000 paid by Scope in accordance with the Schedule of Contributions.

	31 March 2018	31 March 2017	31 March 2016	31 March 2015
RPI inflation (per annum)	3.2%	3.2%	2.9%	2.9%
CPI inflation (per annum)	2.1%	2.2%	1.9%	1.9%
Discount rate (per annum)	2.7%	2.5%	3.5%	3.2%
Pension increases (PPI – 3% per annum minimum, 5% per annum maximum)	3.70%	3.60%	3.50%	3.50%

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 65 would be expected to live for a further 22 years (2017: 23 years) and a female pensioner aged 65 would be expected to live a further 24 years (2017: 25 years). Allowance is made for future improvements in life expectancy.

Asset distribution and expected return:

	31 March 2018		31 March 2017	
	Current allocation	Fair value £000	Current allocation	Fair value £000
Liability driven investments	29%	32,833	30%	34,542
Diversified growth funds	9%	10,240	24%	27,265
Multi-asset credit	26%	28,969	–	–
Cash	1%	350	11%	12,388
Insured pensions	35%	38,569	35%	40,701
<b>Total</b>	<b>100%</b>	<b>110,961</b>	<b>100%</b>	<b>114,896</b>

	31 March 2018 £000	31 March 2017 £000
<b>Balance sheet</b>		
Present value of Scheme liabilities	96,944	105,844
Total fair value of Scheme assets	(110,961)	(114,896)
Surplus	(14,017)	(9,052)
Adjustment to reflect asset limit	14,017	9,052
<b>Pension asset</b>	<b>–</b>	<b>–</b>

Under FRS 102, the Scheme is represented on the balance sheet at 31 March 2018 as a £nil asset (2017: £nil asset) as Scope does not have an unconditional right to a refund as per the Trust Deed and consultation with our actuaries.

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

	31 March 2018 £000	31 March 2017 £000
Running costs	296	449
Interest income	(17)	(10)
<b>Net return to charge to finance income</b>	<b>279</b>	<b>439</b>

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

	31 March 2018 £000	31 March 2017 £000
Remeasurements	(3,618)	6,053
Change in asset limit other than interest	4,739	(5,929)
<b>Actuarial loss recognised</b>	<b>1,121</b>	<b>124</b>

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

	31 March 2018 £000	31 March 2017 £000
Opening present value of Scheme liabilities	105,844	87,703
Interest on Scheme liabilities	2,593	3,020
Actuarial (gain)/loss	(7,243)	17,955
Benefits paid	(4,250)	(2,834)
<b>Closing present value of Scheme liabilities</b>	<b>96,944</b>	<b>105,844</b>

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

	31 March 2018 £000	31 March 2017 £000
Opening fair value of the Scheme assets	114,896	102,177
Interest on Scheme assets	2,837	3,537
Actual return on Scheme assets less interest on Scheme assets	(3,626)	11,902
Contributions by the employer	1,400	563
Running costs	(296)	(449)
Benefits paid	(4,250)	(2,834)
<b>Closing fair value of the Scheme assets</b>	<b>110,961</b>	<b>114,896</b>

Changes in the net balance sheet position are as follows:

	31 March 2018 £000	31 March 2017 £000
Opening net asset	-	-
Return to charge to finance income	279	439
Actuarial losses recognised	1,121	124
Employer contributions	(1,400)	(563)
<b>Closing net asset</b>	<b>-</b>	<b>-</b>

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

	31 March 2018 £000	31 March 2017 £000
Effect of asset ceiling at the start of the year	9,052	14,474
Interest on asset limit	226	507
Change in asset limit other than interest	4,739	(5,929)
<b>Pension asset</b>	<b>14,017</b>	<b>9,052</b>

## 2. The Defined Contribution Pension Scheme

Members may contribute to the Group personal pension at whatever rate they wish subject to the Her Majesty's Revenue and Customs (HMRC) rules relating to the maximum annual allowance and lifetime allowance.

Scope contributes employers' contributions to the auto enrolment pension scheme, not only in line with legislation but also on a basis of contributions matched by the employees' contributions. The following table illustrates the contribution rates payable to the Group personal pension plan. Employees are entitled to receive enhanced contributions (if they apply for them) based on their length of service.

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

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

Scope's contributions to the Auto Enrolment Pension Scheme amounted to £988,203 (2017: £1,082,222).

### 3. Pensions Trust Growth Plan

As at the balance sheet date two members (2017: 2) of the Plan were actively employed by Scope. Scope continues to offer membership of the Plan to its employees.

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

The Plan's Trustees commission an actuarial valuation of the Plan every three years to determine the funding position of the Plan.

Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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

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

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

The scheme is classified as a 'last-man standing' arrangement. Therefore, Scope is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

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

#### Deficit contributions:

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

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

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

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

	31 March 2018 £000	31 March 2017 £000	31 March 2016 £000
<b>Present values of provision</b>			
Present value of provision	1,535	1,660	1,753

	31 March 2018 £000	31 March 2017 £000
<b>Reconciliation of opening and closing provisions</b>		
Provision at start of year	1,660	1,753
Unwinding of the discount factor (interest expense)	22	34
Deficit contribution paid	(125)	(179)
Remeasurements – impact of any change in assumptions	(22)	52
<b>Provision at end of year</b>	<b>1,535</b>	<b>1,660</b>

	31 March 2018 £000	31 March 2017 £000
<b>Income and expenditure impact</b>		
Interest expense	22	34
Remeasurements – impact of any change in assumptions	(22)	52

	31 March 2018	31 March 2017	31 March 2016
<b>Assumptions</b>			
Rate of discount (per annum)	1.71%	1.32%	2.07%

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

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

Group	Freehold and leasehold property £000	Motor vehicles £000	Fixtures, equipment and computers £000	Total £000
<b>Cost</b>				
At 1 April 2017	28,657	644	11,068	40,369
Additions	1,180	8	1,141	2,329
Transfers*	(21,252)	(556)	(2,309)	(24,117)
Disposals	(404)	(18)	(107)	(529)
<b>At 31 March 2018</b>	<b>8,181</b>	<b>78</b>	<b>9,793</b>	<b>18,052</b>
<b>Accumulated depreciation</b>				
At 1 April 2017	14,190	616	9,047	23,853
Charge for the year	1,419	7	1,010	2,436
Transfers*	(8,429)	(537)	(1,973)	(10,939)
Disposals	(173)	(8)	(82)	(263)
<b>At 31 March 2018</b>	<b>7,007</b>	<b>78</b>	<b>8,002</b>	<b>15,087</b>
<b>Net book value</b>				
At 1 April 2017	14,467	28	2,021	16,516
<b>At 31 March 2018</b>	<b>1,174</b>	<b>-</b>	<b>1,791</b>	<b>2,965</b>

Charity	Freehold and leasehold property £000	Motor vehicles £000	Fixtures, equipment and computers £000	Total £000
<b>Cost</b>				
At 1 April 2017	26,457	644	11,062	38,163
Additions	1,178	8	1,142	2,329
Transfers*	(19,376)	(556)	(2,309)	(22,241)
Disposals	(404)	(18)	(107)	(529)
<b>At 31 March 2018</b>	<b>7,855</b>	<b>79</b>	<b>9,788</b>	<b>17,722</b>
<b>Accumulated depreciation</b>				
At 1 April 2017	14,044	616	9,042	23,072
Charge for the year	565	8	1,017	1,590
Transfers*	(7,755)	(537)	(1,973)	(10,265)
Disposals	(173)	(8)	(82)	(263)
<b>At 31 March 2018</b>	<b>6,681</b>	<b>79</b>	<b>8,004</b>	<b>14,764</b>
<b>Net book value</b>				
At 1 April 2017	12,413	28	2,020	14,461
<b>At 31 March 2018</b>	<b>1,174</b>	<b>-</b>	<b>1,784</b>	<b>2,958</b>

Analysis of freehold and leasehold properties	Group		Charity	
	2018 £00	2017 £000	2018 £00	2017 £000
Freehold	1,110	13,791	1,110	11,737
Long leasehold (over 50 years)	57	561	57	561
Short leasehold	7	115	7	115
	<b>1,174</b>	<b>14,467</b>	<b>1,174</b>	<b>12,413</b>

Of which the following are non-depreciated assets:	Group and Charity	
	2018 £00	2017 £000
Land	54	158

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

The transfer represents the reclassification of assets relating to regulated and day services from fixed assets to current assets reflecting the expected sale with the next 12 months. This transfer completed on 30 April 2018.

## 15. Investments

Analysis of freehold and leasehold properties	Group		Charity	
	2018 £00	2017 £000	2018 £00	2017 £000
Total investments:				
Financial investments	28,742	16,710	28,742	16,710
Investment in subsidiaries	–	–	–	942
	<b>28,742</b>	<b>16,710</b>	<b>28,742</b>	<b>17,652</b>

The investment in subsidiary relates to Scope's investment in Illetas Properties Limited. On 30 April 2018 Scope sold the property assets held by Illetas Properties Limited for a loss. As at 31 March 2018 the investment was considered to be impaired and fully written off.

Of which the following are non-depreciated assets:	Group and Charity	
	2018 £00	2017 £000
<b>Total financial investments:</b>		
Market value at 1 April	16,710	5,408
Additions at cost	13,000	17,760
Disposals at book cost	(108)	(5,804)
Net movement in cash	(880)	(1,115)
Net investment realised gains	88	406
Net investment unrealised gains	(68)	55
<b>Market value at 31 March</b>	<b>28,742</b>	<b>16,710</b>
<b>Investments comprise the following:</b>		
<b>Investments listed on a UK stock exchange</b>		
Fixed interest	7,740	4,667
Equities	9,395	5,065
Cash deposits held as part of investment portfolio	11,607	6,978
<b>Market value at 31 March</b>	<b>28,742</b>	<b>16,710</b>
<b>Being at market value:</b>		
Investment assets in the United Kingdom	28,742	16,710
<b>Historical cost at 31 March</b>	<b>28,639</b>	<b>15,904</b>

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

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

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

## 16. Subsidiaries

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

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

\* Entitled to audit exemption by virtue of section 479a of the Companies Act 2006, as subsidiary undertakings.

\*\* 100% direct holding of Scope Central Trading Limited.

## 17. Assets held for resale

Assets held for sale of £13.2 million represents the net book value of Scope's assets used within the regulated and day care services. This includes £12 million within the Charity and £1.2 million within Illetas Properties Limited.

## 18. Debtors

	Group		Charity	
	2018 £00	2017 £000	2018 £00	2017 £000
Trade debtors*	5,668	3,211	5,501	3,156
Gift Aid recoverable*	638	700	638	700
Staff loans*	25	90	25	90
Amounts owed by Group undertakings*	–	–	1,145	415
Other debtors*	839	414	958	516
Accrued income	3,163	2,123	3,163	2,123
Prepayments	1,607	2,094	1,607	2,094
	<b>11,940</b>	<b>8,632</b>	<b>13,037</b>	<b>9,094</b>

\* Financial assets measured at amortised cost.

Trade debtors are shown net of a £136,000 (2017: £733,000) provision against doubtful debts.

Trade debtors include £3.6 million for future services relating to summer term invoices raised in March 2018 for regulated and day services. £2.7 million of which relates to services provided by Ambito Care after the services were transferred.

Staff loans include season ticket loans of £22,689 (2017: £32,531), which are repayable over a 12-month period, and imprests of £1,100 (2017: £3,050) repayable on leaving Scope or when the nature of employment changes.

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

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

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Loans (note 23)*	–	813	–	813
Trade creditors*	807	1,832	773	1,792
Taxation and social security*	867	921	865	919
Other creditors*	2,676	277	2,701	304
Deferred income (note 21)	936	621	936	621
Accruals	7,296	4,029	7,176	4,008
Defined benefit pension liability (note 13)*	–	–	–	–
	<b>12,582</b>	<b>8,493</b>	<b>12,451</b>	<b>8,457</b>

\* Financial assets measured at amortised cost.

Any security on creditors is set out in note 22.

Amounts owing in respect of pension schemes as at 31 March 2018 included above is £118,255 (2017: £254,606).

Other creditors include £2.7 million, which represents monies owed to Ambito Care for services provided after the regulated and day services were transferred.

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

	Group and Charity	
	2018 £00	2017 £000
Loans (note 23)*	–	3,238
	<b>–</b>	<b>3,238</b>

\* Financial assets measured at amortised cost.

## 21. Deferred income

	Balance 31 March 2017 £000	Released from prior year £000	Deferred in current year £000	Balance 31 March 2018 £000
<b>Group and Charity:</b>				
Fees	371	(202)	719	888
Events fundraising	250	(146)	(56)	48
	<b>621</b>	<b>(348)</b>	<b>663</b>	<b>936</b>

## 22. Provisions for liabilities and charges

	Balance 31 March 2017 £000	Charged to income and expenditure £000	Spent £000	Balance 31 March 2018 £000
<b>Group and Charity:</b>				
Provisions for dilapidations and onerous leases for shops vacated by Scope	889	130	(203)	816
	<b>889</b>	<b>130</b>	<b>(203)</b>	<b>816</b>

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

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

## 23. Borrowings

	Group and Charity	
	2018 £00	2017 £000
<b>Loans:</b>		
Within one year	-	813
Between two and five years	-	2,532
Over five years	-	706
	-	<b>4,051</b>

## 24. Funds

	Balance 31 March 2017 £000	Incoming resources £000	Expenditure gains and losses £000	Transfers £000	Balance 31 March 2018 £000
<b>Group:</b>					
<b>Unrestricted funds</b>	<b>33,197</b>	<b>90,806</b>	<b>(84,231)</b>	<b>226</b>	<b>39,998</b>
<b>Restricted funds:</b>					
Restricted funds	2,264	3,805	(2,278)	(226)	3,565
Permanent endowment	10	-	-	-	10
<b>Total funds</b>	<b>35,471</b>	<b>94,611</b>	<b>(86,509)</b>	<b>-</b>	<b>43,573</b>

	Balance 31 March 2017 £000	Incoming resources £000	Expenditure gains and losses £000	Transfers £000	Balance 31 March 2018 £000
<b>Charity:</b>					
<b>Unrestricted funds</b>	<b>31,694</b>	<b>89,303</b>	<b>(81,965)</b>	<b>226</b>	<b>39,258</b>
<b>Restricted funds:</b>					
Restricted funds	2,264	3,805	(2,341)	(226)	3,502
Permanent endowment	10	-	-	-	10
<b>Total funds</b>	<b>33,968</b>	<b>93,108</b>	<b>(84,306)</b>	<b>-</b>	<b>42,770</b>

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

A designated fund of £4.3 million is in place as security for the Scope Pension Scheme. At 31 March 2018, the value of the designated fund was £4.7 million. Any value in excess of the £4.3 million is not additional security, and is retained by Scope.

Unrestricted funds include an investment revaluation reserve of £103,871 (2017: £785,522).

## 25. Commitments

### Operating lease commitments

Group	Land and buildings		Vehicles and equipment	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Leases which expire:</b>				
Within one year	3,749	3,430	229	330
Within two to five years	11,461	10,308	369	661
After five years	9,786	9,790	–	27
	<b>24,996</b>	<b>23,528</b>	<b>598</b>	<b>1,018</b>

### Capital commitments

At 31 March 2018 there were no capital commitments (2017: £nil).

## 26. Contingent liabilities

### Guarantees and commitments

Scope acts as guarantor for five shop leases run by Capability Scotland, a charity providing services to disabled children and adults in Scotland. In the event of Capability Scotland defaulting on the payment under any of these leases Scope would be fully liable. The maximum liability in respect of the rental of these leases if terminated at 31 March 2018 would be approximately £40,499 (2017: £102,272). This does not include any potential liability for dilapidations.

No provisions (2017: none) have been made in respect of these contingent liabilities in these financial statements.

### Contingent liability

Scope is exposed to the risk of a potential liability in relation to payments made to staff while carrying out 'sleep-in' shifts within the regulated and day services, which may have been lower than national minimum wage. Scope has registered with the Social Care Compliance Scheme, is reviewing historical wage information and liaising with HMRC to establish the size of the liability. As at 31 March 2018 it is not possible to determine a reliable estimate.

Following the divestment of regulated and day services on 30 April 2018, Scope has no future exposure.

## 27. Taxation

As a registered charity, Scope is exempt from taxation under Part 11, Chapter 3 of the Corporation Tax Act 2010. Any taxation liabilities of the Group is managed through the policy of the trading subsidiary Company to gift all taxable profits to Scope. During the year ended 31 March 2018 no charge to tax has been incurred.

## 28. Members

The charity is incorporated as a Company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every Member, of which there are 645 (2017: 648), is liable to contribute £5 in the event of the Company being wound up.

## 29. Analysis of assets and liabilities between funds

Group:	Restricted funds £000	Unrestricted funds £000	Total 2018 £000	Restricted funds £000	Unrestricted funds £000	Total 2017 £000
Fixed assets	351	31,356	31,707	656	32,570	33,226
Current assets	3,244	23,555	26,799	1,996	14,529	16,525
Current liabilities	–	(12,582)	(12,582)	–	(8,493)	(8,493)
<b>Net current assets</b>	<b>3,244</b>	<b>10,973</b>	<b>14,217</b>	<b>1,996</b>	<b>6,036</b>	<b>8,032</b>
Long term liabilities	–	–	–	–	(3,238)	(3,238)
Provisions for liabilities and charges	(30)	(2,321)	(2,351)	–	(2,549)	(2,549)
<b>Net assets</b>	<b>3,565</b>	<b>40,008</b>	<b>43,573</b>	<b>2,652</b>	<b>32,819</b>	<b>35,471</b>

Charity:	Restricted funds £000	Unrestricted funds £000	Total 2018 £000	Restricted funds £000	Unrestricted funds £000	Total 2017 £000
Fixed assets	351	31,349	31,700	656	31,457	32,113
Current assets	3,244	21,775	25,019	1,996	14,205	16,201
Current liabilities	–	(12,451)	(12,451)	–	(8,559)	(8,559)
<b>Net current assets</b>	<b>3,244</b>	<b>9,324</b>	<b>12,568</b>	<b>1,996</b>	<b>5,646</b>	<b>7,642</b>
Long term liabilities	–	–	–	–	(3,238)	(3,238)
Provisions for liabilities and charges	(30)	(2,321)	(2,351)	–	(2,549)	(2,549)
<b>Net assets</b>	<b>3,565</b>	<b>38,352</b>	<b>41,917</b>	<b>2,652</b>	<b>31,316</b>	<b>33,968</b>

### 30. Free reserves

	Group		2017 £000	2017 £000
	2018 £000	2018 £000		
<b>Net assets</b>		<b>43,573</b>		<b>35,471</b>
<b>Less:</b>				
Restricted funds		(3,575)		(2,652)
Designated funds		(7,540)		-
Investments held for defined pension		(4,666)		(4,653)
<b>Less amount represented by tangible fixed assets and assets held for sale</b>	<b>(16,143)</b>		<b>(19,778)</b>	
<b>Add back:</b>				
Other restricted fund fixed assets	351		457	
Net book value of properties financed by loans	-		5,746	
		(15,792)		(13,575)
<b>Free reserves of Group</b>		<b>12,000</b>		<b>14,591</b>
<b>Free reserves of Charity</b>		<b>11,495</b>		<b>14,075</b>

The free reserves for the Charity do not include the net assets of Mac Keith Press, at £505,071 (2017: £516,142).

A designated fund of £7.5 million was set up to segregate funds required to invest in delivering our strategy for 'Everyday Equality'.

### 31. Related party disclosures

During the year ended 31 March 2018, the Group had the following related party transactions.

In developing its Retail Strategy, Scope used the services of P A Consulting, who billed Scope £282,978 (2017: £137,205) for their advice. Andrew Hooke, a Trustee of Scope, is the Head of Consulting Sectors at P A Consulting.

One of our senior managers is on secondment from P A Consulting. During the year P A Consulting billed Scope £180,000 (2017: £100,000) for the secondment of Kerrie O'Connor to Scope.

Scope billed £111,585 (2017: £110,077) for client care fees for three different customers to the London Borough of Haringey, where the Leader of the Council is married to Scope's Chief Executive, Mark Atkinson.

Scope used the services of Eden Stanley, who billed Scope £116,649 (2017: £nil) to deliver audience insight work. Joe Barrell, a Trustee of Scope, is the Managing Director of Eden Stanley.

During the year ended 31 March 2018, the following transactions occurred between the companies within the group.

For the rent of its property, Illetas Properties Limited charged Scope £162,000 (2017: £150,000 in the year. The property provides regulated services to our customers.

For the processing and payment of payroll and other administration services, Scope charged Mac Keith Press £41,000 (2017: £35,160) in the year.

Gift Aid is to be paid to Scope from Scope Central Trading Limited as per note 9. Note 9 includes the results of group entities.

Scope received donations of £1,237 from its Trustees and directors during 2018 (2017: £3,393). No conditions were attached to these.

### 32. Post balance sheet events

The sale of discontinuing residential and day services was completed on 30 April 2018, with all services successfully transferring to Ambito Care, a new division of Saludem Healthcare for a consideration of £23.0 million. The transaction completed in two stages. On 29 March 2018 services operating under Welsh regulators ESTYN were transferred under a license to operate. On 30 April all other services and assets were transferred.

To ensure the continuation of cash inflows to support the transferring services, Scope raised all termly sales invoices in relation to education services in March 2018. All other sales invoices were raised as normal. As at 31 March 2018 there is a deferred income balance of £0.9 million and a creditor balance with Ambito Care of £2.7 million in relation to these invoices.

Activity for 2017/18 relating to regulated and day services is presented as discontinuing operations in the statement of financial activities, and all transferring assets are presented as held for sale on the balance sheet.

On 14 May 2018 Scope relocated its head office to a rented office at Here East Press Centre, 14 East Bay Lane, E15 2GW.

### 33. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Scope.

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

Scope is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2018.

The consolidated financial statements of Scope are available from Here East Press Centre, 14 East Bay Lane, E15 2GW

Scope is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Scope are available from Here East Press Centre, 14 East Bay Lane, E15 2GW.

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

## Scope's Directors and Trustees

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

Alex Massey

Andrew Hooke, Hon. Treasurer

Andrew McDonald, Chair of Scope

Celia Atherton

Claire Flint

Joe Barrell

Rebecca Simmonds

Robin Hindle Fisher, Vice Chair

## Legal and administrative details

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

### Independent Auditors:

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

### Solicitors:

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

### Bankers:

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

### Investment Advisers:

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

### Company Secretary:

Steven Maiden

### Registered Office:

Scope and all subsidiaries are registered at Press Centre, 14 East Bay Lane, E15 2GW with the exception of Mac Keith Press that is registered at 2nd Floor Rankin Building 139-143 Bermondsey Street London SE1 3UW.

We won't stop until we achieve a society where all disabled people enjoy equality and fairness.

**SCOPE** = Equality for disabled people