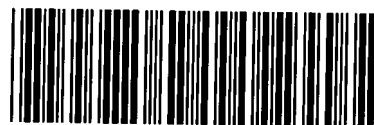




Company Registration No. 1055041
Charity Registration Nos. 264166 & SC038493

MONDAY



A73Z92P5

A12

16/04/2018

#246

COMPANIES HOUSE

**Annual Report and
Financial Statements
for the year ended
31st July 2017**

L'ARCHE COMMUNITIES IN THE UK

Figures show the number of people with learning disabilities receiving a service from L'Arche as at 31 July 2016, which are not necessarily those at the time of publishing this report.

Kent (founded 20th January 1974)

18a St. Radigund's Street, Canterbury, Kent CT1 2AA

Tel: 01227 643025 Email: kent@larche.org.uk

People with learning disabilities: **31** (13 supported living; 16 residential care; 2 day provision only)

Community Houses: 7 Day Provision Projects: 2

Inverness (founded 11th March 1975)

13 Drummond Crescent, Inverness, IV2 4QR

Tel: 01463 239615 Fax: 01463 711089 Email: reception.inverness@larche.org.uk

People with learning disabilities: **59** (19 supported living; 40 day provision only)

Community Houses: 4 Day Provision Projects: 1

Liverpool (founded 23rd December 1976)

The Ark, Lockerby Road, Liverpool L7 0HG

Tel: 0151 260 0422 Fax: 0151 263 2260 Email: liverpool@larche.org.uk

People with learning disabilities: **54** (34 supported living; 20 day provision only)

Community Houses: 6 Day Provision Projects: 1

London (founded 27th July 1977)

9-13 Norwood High Street, London SE27 9JU

Tel: 020 8670 6714 Fax: 020 8670 0818 Email: officeadmin.london@larche.org.uk

People with learning disabilities: **33** (18 supported living; 8 residential care; 7 day provision only)

Community Houses: 6 Day Provision Projects: 2

Bognor Regis (founded 27th February 1978)

51 Aldwick Road, Bognor Regis, West Sussex, PO21 2NJ

Tel: 01243 863426 Fax: 01243 840383 Email: enquiries.bognor@larche.org.uk

People with learning disabilities: **30** (5 supported living; 16 residential care; 9 day provision only)

Community Houses: 3 Day Provision Projects: 2

Brecon (founded 19th December 1989)

First Floor, 2 Wheat Street, Brecon, Powys LD3 7DG

Tel: 01874 624483 Email: brecon@larche.org.uk

People with learning disabilities: **11** (6 residential care; 5 day provision only)

Community Houses: 1 Day Provision Projects: 1

Edinburgh (founded 3rd May 1991)

Level 1, Sugar Bond, 2 Anderson Place, Edinburgh EH6 5NP

Tel: 0131 553 3478 Fax: 0131 554 3236 Email: edinburgh@larche.org.uk

People with learning disabilities: **16** (16 supported living)

Community Houses: 7 Day Provision Projects: 0

Preston (founded 8th July 1998)

71 Garstang Road, Preston. PR1 1LB

Tel: 01772 251113 Email: preston@larche.org.uk

People with learning disabilities: **9** (4 supported living; 5 residential care)

Community Houses: 2 Day Provision Projects: 1

Ipswich (founded 22nd May 2006)

3 Warrington Road, Ipswich, IP1 3QU

Tel: 01473 216362 Fax: 01473 216409 Email: ipswich@larche.org.uk

People with learning disabilities: **10** (10 supported living)

Community Houses: 3 Day Provision Projects: 0

Manchester (founded 16th May 2013)

St. Paul's Rectory, 491 Wilmslow Road, Withington, M20 4AW Tel. 0161 445

5710 Email: manchester@larche.org.uk

People with learning disabilities: **5** (4 supported living; 1 day provision only)

Community Houses: 0 Day Provision Projects: 1

Flintshire Project (project status agreed 10th December 2012)

c/o Jacqui Lewis, Ty Mair, St David's Lane, Mold, Flintshire, CH7 1LH.

Tel. 01352 751820 Email: jacqui.lewis@larche.org.uk

Nottingham Project (project status agreed 27th June 2015)

c/o CA Plus, 7 Mansfield Road, Nottingham, NG1 3FB

Tel. 07767 117866 Email: nottingham@larche.org.uk



IDENTITY STATEMENT

We are people with and without learning disabilities, sharing life in Communities belonging to an International Federation.

Mutual relationships and trust in God
are at the heart of our journey together.

We celebrate the unique value of every person and recognise our need of one another.

MISSION STATEMENT

We will make known the gifts of
people with learning disabilities
revealed through mutually transforming relationships.

We will foster an environment that is inspired by the
core values of our founding story
and responds to the changing needs of our members.

We will engage in our diverse cultures, working together to build a more human society.

L'Arche International Identity and Mission Statements, adopted at the UK Assembly, London, 12th May 2007



As at the Annual General Meeting, 24th February 2018

NATIONAL BOARD

David Race (*Chair*)
Catherine Baines (*Vice-Chair*)
Peter Whalley (*Treasurer*)
Ben Moorhead
Sue Williams

Ex-Officio Local Committee Chairs

Joan Blows (*Kent*)
Nick Boyle (*Inverness*)
Vacant (*Liverpool*)
Carole Glasson (*London*)
Kathleen O'Gorman (*Bognor*)
Liz Rijnenberg (*Brecon*)
Claire Wilson (*Edinburgh*)
Stephen Grice (*Preston*)
Marie Roberts (*Ipswich*)
Peter Harrison (*Manchester*)
Stewart Milne (*Flintshire*)
John O'Brien (*Nottingham*)

UK MANAGEMENT

National Leadership Team

John Sargent (*National Leader and Company Secretary*)
Kathleen Boyle (*Deputy National Leader & Regional Leader – South England*)
Anthony Kramers (*Regional Leader – Scotland*)
Paul Bell (*Regional Leader – North England & Wales & HR Co-ordinator*)
Debbie Walker (*Finance Co-ordinator*)
Heather Coogan (*Communications & Fundraising Co-ordinator*)
Louise Carter (*Formation Co-ordinator*)

Community Leaders

James Cuming (*Kent*)
Maria Peter (*Inverness*)
Carol Carney (*Liverpool*)
George O'Neill (*London*)
Sonja Jones (*Bognor Regis*)
Des Kennedy (*Brecon*)
Mike Noonan (*Edinburgh*)
Emma Nolan (*Preston*)
Tony Gibbings (*Ipswich*)
Kevin Coogan (*Manchester*)
Jacqui Lewis (*Flintshire*)



Annual Report of the Trustees and Financial Statements
for the year ended 31st July 2017

A company limited by guarantee
Registered in England & Wales, No. 1055041 Registered Charity Nos. 264166 and SC038493

Registered Office:
10 Briggate, Silsden, Keighley, West Yorkshire BD20 9JT
Tel: 01535 656186 Fax: 01535 656426
Email: info@larche.org.uk
Website: www.larche.org.uk

AUDITOR
BHP LLP, New Chartford House, Centurion Way, Cleckheaton, West Yorkshire, BD19 3QB

BANKERS
National Westminster Bank plc, 63 North Street, Keighley, West Yorkshire BD21 3SB
Royal Bank of Scotland plc, PO Box 5663, 1st Floor, Affric House, Beechwood Park, Inverness IV2 3YR

L'ARCHE

TRUSTEES REPORT FOR THE YEAR ENDING 31st JULY 2017

The National Board of L'Arche has pleasure in presenting its forty fifth report and the financial statements for the year ended 31st July 2017. The Trustees' Report incorporates the Directors' Report as required by the Companies Act 2006

AIMS AND OBJECTIVES

L'Arche in the UK is a member of the International Federation of L'Arche Communities where people with and without learning disabilities share life together - living and working as an intentional community rather than as clients and staff. The Identity and Mission Statements set out the guiding principles behind L'Arche's approach to support and care emphasising the importance of mutual relationships and the value of the spiritual dimension in encouraging the holistic growth, development and citizenship of all Community members:

- We are people with and without learning disabilities, sharing life in communities belonging to an International Federation.
- Mutual relationships and trust in God are at the heart of our journey together.
- We celebrate the unique value of every person and recognise our need of one another.

L'Arche was incorporated in the UK as a company limited by guarantee on 18th May 1972. It was registered as a charity in England and Wales on 24th July 1972, and in Scotland on 26th July 2007.

Its governing documents, the Memorandum and Articles of Association dated 2nd May 1972, define its principal objects which can be summarised as providing support and training for people with learning disabilities by opening and running Community networks, homes and work opportunities, thereby fostering personal development and citizenship.

There are currently ten UK Communities, with two projects under development. Set up in response to the initiative of a local group, a typical Community comprises a number of houses, supported living settings and, where appropriate and commissioned, work services, spread out within an urban setting and run as a unified service. In this way, Community members are more easily able to integrate with the wider neighbourhood and thereby develop and maintain important links with individuals and groups beyond L'Arche.

All members with learning disabilities receiving a service are supported through person-centred support plans which are regularly reviewed to achieve their desired goals, develop their potential and take positive risks, while respecting the different rhythm of each person. Some people are supported to live a more independent lifestyle; those who are ageing are assisted with more intensive support, showing how even loss or diminishment can still be a source of new life for the whole group.

Within this overarching objective of supporting adults with learning disabilities through support, housing and work opportunities, **L'Arche's aims** (its mission) are:

- To make known the gifts of people with learning disabilities revealed through mutually transforming relationships;
- To foster an environment in communities that is inspired by our founding story and responds to the changing needs of our members;
- To engage in our diverse cultures, working together to build a more human society.

Our priorities for achieving these aims are:

- **Participation:** Ensuring that people with learning disabilities are fully partners in the mission and have the opportunity to participate as fully as possible in decision making structures within L'Arche and in their wider community;
- **Community living:** Supporting all members to live healthy, creative and sustainable lives in faith-based Communities;
- **Growth:** Supporting Communities to develop new models and to respond to the changing needs and choices of Community members. Supporting new groups to found L'Arche Communities;
- **Announcing:** Promoting the gifts of people with learning disabilities and announcing the vision of L'Arche to key audiences;
- **Structures:** Ensuring that our UK governance and leadership structures support the mission of L'Arche.

Public Benefit

L'Arche has referred to the Charity Commission's guidance on public benefit when reviewing our aims, objectives and activities and the Charity's Trustees have complied with the duty in s.4 of the Charities Act 2006 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act. L'Arche works closely with Local Authority Social Service departments to identify individuals with a learning disability who would like to choose to join L'Arche and who could benefit from L'Arche's service within the limits of the funding available from the Local Authority or an individually-held budget. L'Arche welcomes adults with a learning disability irrespective of their faith, race, gender, age or sexual orientation. As outlined below, L'Arche's activities have provided a benefit to the 258 (2016: 239) individuals with learning disabilities who receive a service as well as to their families and friends. L'Arche also responds to the desire of some people with learning disabilities whose support is commissioned from elsewhere to take part in specific aspects of community life, on an individually-agreed basis. 39 people (2016: 38) are involved in this way.

In addition to this specific benefit to individuals and their family and friends, L'Arche's objectives and activities offer a general benefit to the wider society by encouraging and supporting the valued citizenship of each person.

GOVERNANCE

L'Arche in the UK is governed by a National (UK) Board, the members of which are Directors of the Company with trustee responsibilities. The full board meets three times a year in addition to the AGM.

Recruitment of new National Board members results from a regular review of the necessary mix of skills and experience required for governance. Vacancies are advertised in national and local publications as well as through professional agencies and other networks. Potential candidates are appointed after a process of interviews, references and other checks.

New members' induction and training is achieved through a combination of written material, meetings and training days, in addition to local Community visits, to ensure they are not only aware of their responsibilities as trustees but understand the ethos and practice of L'Arche in supporting people with learning disabilities.

Those who served during the year to 31st July 2017 were:

David Race (Chair)	Kathleen O'Gorman (Bognor Regis)*
Catherine Baines (Vice-Chair)	Liz Rijnenberg (Brecon)*
Peter Whalley (Treasurer)	Claire Wilson* (Edinburgh)
Ben Moorhead	Stephen Grice (Preston)*
Sue Williams	Marie Roberts (Ipswich) *
Joan Blows (Kent)*	Peter Harrison (Manchester) *
Nick Boyle (Inverness) *	Stewart Milne (Flintshire)*
Gerry Flanagan (Liverpool) * (until 3 April 2017)	John O'Brien (Nottingham)*
Carole Glasson (London)*	

** Ex-officio Directors & Local Committee Chairs*

The National Board appoints three Sub-committees to exercise governance responsibilities in the areas of Service & Community, Human Resources, and Finance, Audit & Fundraising. Each Sub-committee comprises two trustees (one of whom Chairs the Sub-committee) along with a number of employed members. Each Sub-committee meets at least three times yearly and reports to the full Board.

The National Board delegates specified powers to Local Committees which meet on average eight times a year to exercise governance in relation to their respective Communities.

L'ARCHE

TRUSTEES REPORT FOR THE YEAR ENDING 31st JULY 2017 (continued)

Members of the UK Leadership Team attend all National Board and Subcommittee meetings, and occasional Local Committee meetings.

The Local Constitution of L'Arche defines the powers delegated to a Local Committee through its Chair who is an *ex-officio* member of the National Board, and through whom trustee responsibilities are monitored and discharged. Each Local Committee Treasurer, guided by the National Treasurer and supported by the national Finance Team, oversees all financial and accounting matters relating to the respective Community. All trustee members of the National Board, Subcommittees and Local Committees serve in a voluntary capacity.

A review and consideration of national and local governance arrangements was begun during the year. As new projects and communities are welcomed into L'Arche, the National Board gets bigger and it is recognised that this cannot continue. Working with external consultants, proposals will be developed and brought to the National Board and AGM in the next year.

MANAGEMENT

The National Leader is appointed by the National Board and reports to the Trustees through the National Chair, and to the International Federation of L'Arche through the International Leader. As leader of the executive UK management structure, the National Leader is responsible for supervising the three Regional Leaders, serving Scotland, North England and Wales, and South England respectively, and the small team of national officers.

All members of the UK Leadership Team are permanent employees. Day-to-day management of each Community is delegated by their respective Local Committee to the Community Leader who is supported by Community Co-ordinators, typically responsible for Houses, Work, Assistants, Finance and Administration, and each House and Work Project Leader. In team meetings in the houses and the work services, and in the Community Council, all Community members have an equal voice. Authority is exercised where required, but there is considerable emphasis on consensus. Members with learning disabilities are encouraged and enabled to play an active part in their weekly house and workshop meetings and to influence decisions affecting their Community and personal lives.

Members of the L'Arche Leadership Team are accountable to the National Board through the National Leader. Regional Leaders are responsible for supporting the Communities, supervising Community Leaders and ensuring the Communities discern their local mission priorities and objectives, while living faithfully to L'Arche's Identity & Mission and being compliant with commissioning and statutory requirements.

Each Regional Leader also takes a national lead in one of three areas – service provision; community and faith life; and human resources. The National Finance Co-ordinator and national finance team, based at the registered office, are accountable to the National Board through the National Leader for financial matters, and provide financial advice and support across the organisation to the National Board, Sub-committees, Local Committees and the Communities.

EQUAL OPPORTUNITIES

L'Arche seeks to ensure that it has a diverse workforce to reflect the diversity of the people who use our services. Opportunities for employment, promotion, transfer and training are advertised widely and all applicants are welcomed irrespective of race, colour, nationality, ethnic or national origins, gender, sexual orientation, disability, age, religion or belief. The charity gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

CHARITABLE DONATIONS

A donation of £3,000 (2016: £3,000) was made during the year to the L'Arche Benevolent Trust, a registered charity with the objectives of assisting employees and ex-employees of L'Arche who may require financial support as a result of personal hardship. Donations to L'Arche International totalled £126,651 (2016: £241,364) and donations to other charities made by Communities following fundraising events were £775 (2016: £4,797)

COMPANY, CHARITY & TAX STATUS

The Company is limited by guarantee, with no shareholdings. The liability of the 52 members (2016: 46) is limited to £1 each. The Company is registered as a charity in England and Wales and in Scotland with the Office of Scottish Charity Regulators.

The Company is not liable to income tax, corporation tax or capital gains tax. It is not registered for VAT, since taxable supplies have not yet reached a level requiring registration.

RISK MANAGEMENT

L'Arche has examined the principal areas of its operations and undertaken a comprehensive assessment of the major areas of risk facing the organisation, including those relating to governance, management, operations, health & safety, finances, and external compliance. In the opinion of National Board members, who carry trustee responsibility, the resources and monitoring systems set in place allow the risks identified to be managed to an acceptable level in its day-to-day operations.

Within the overall risk assessment, the following risks have been assessed as being those most likely to affect L'Arche's long term performance:

- **Changes to Housing Benefit**

Potential government changes to Housing Benefit mean that guaranteed HB may be reduced by half with the remainder to be applied for separately via local authorities. This reduces the security of income streams on owned housing.

Actions taken to mitigate the risk include

- Detailed assessment of each community's position
- On-going dialogue and negotiations with local authorities to maintain housing income

- **Changes to the way sleep-overs are paid**

- HMRC requirement to pay and back-pay NMW for each hour of sleep-overs when local authority funding does not cover this.

Actions taken to mitigate the risk include

- On-going assessment of the evolving situation and following advice from solicitors

- **Underfunding of services.**

Growing pressure on local authority budgets inevitably leads to below inflationary annual increases, funding freezes or actual cuts in funding and/or cuts in funded hours. The changing needs of people with learning disabilities due to illness and ageing are also resulting in additional costs being incurred

Actions taken to mitigate risk include

- On-going dialogue and negotiations with local authorities to maintain revenue income,
- Reduction of overheads,
- Early identification of changing individual needs and close liaison with local agencies leading to prompt recognition of increased funding requirements,
- Development of a costing model to enable Communities to negotiate with confidence with local authorities.

- **Changing support models and funding models**

Changing desires and needs of individuals, along with government policy directions (The *Valuing People Now* strategy in England, *Statement on Policy & Practice for Adults with a Learning Disability* in Wales and *Same as You* in Scotland), and reductions in funding, encourage a move away from traditional residential support models and towards the personalisation of individualised budgets. This challenges the Communities

to speed up the pace of change.

Actions taken to mitigate risk include

- Diversify models of support based on wishes and needs of people with learning disabilities,
- Development of new costing models to support diversification.
- Development of fundraising to diversify income streams

● **Tendering of existing services.**

Tendering of existing services presents the communities with both the risk of losing their contracts but also the opportunity to offer L'Arche's unique model of service to a wider number of individuals.

Actions taken to mitigate risk

- Monitoring and reviewing of cost base to ensure quality of service can be maintained,
- Development of costing model to ensure viability of tender bid,
- Use of national resources to support communities in tender process, and in processes for establishing framework agreements by Councils with providers.

FUTURE CAPITAL COMMITMENTS

Capital project commitments outstanding at the year-end totalled £2,050,494 (2016: £3,122,844).

AUDITORS

BHP LLP replaced BHP Clough & Company LLP as auditors during the year. A resolution to re-appoint BHP LLP as the Company's auditors will be proposed at the annual general meeting.

TRUSTEE RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The trustees (who are also directors of L'Arche for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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 trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By Order of the National Board

A handwritten signature in black ink, appearing to read 'John Sargent', with a stylized flourish at the end.

John Sargent

National Leader for L'Arche in the UK & Company
Secretary

25th January 2018

ACHIEVEMENTS AND PERFORMANCE

Scotland

The Scottish region of L'Arche is made up of the Communities of Inverness and Edinburgh. As at 31st July 2017 between them they support 75 people with learning disabilities, employ 73 people and involve 40 volunteers.

The **Inverness** community continued with major strides in its fundraising appeal that was launched at its 40th birthday celebration. Despite having to negotiate rises in tender costs from the original projections, they plan in 2018 to build a new accessible building in the grounds. This will strengthen capacity to respond through each stage of life, and offer new opportunities to some existing members. The new house will serve in the first instance as a temporary option for people living at Braerannoch, and phase two of the project will also include upgrade to that original listed property and the creation of an extension to the flourishing work service. 53 people now come to that service each week for a variety of sessions.

The Community continued to score 5 (Very Good) in nearly all of the domains inspected by the Care Inspectorate. L'Arche values the commitment of the main commissioning partner, NHS Highland, who (like the City of Edinburgh Council) have implemented the Scottish Government commitment to pay all providers of social care a rate which enables them to pay their team members at least the independently-set Living Wage – higher than the national Minimum Wage.

In **Edinburgh**, it was the first full year with the new Community Leader; other new appointments were made to strengthen the leadership team of seven.

The community took on responsibility for reshaped day activities for several people in 2017. This meant significant extra recruitment to live-out positions. One member hosts a lunch each Wednesday, to welcome others in. Others take part in local clubs and events hosted by others. Relatives have offered positive feedback to the team.

Edinburgh members welcomed 90 people to a Scottish Gathering in the city, with many travelling long distances to take part in a day of celebrations, music and story-telling. Scotland had 6 members present in Belfast for the Federation Assembly, and the CD of live recordings from that event is being distributed from Edinburgh to raise funds for L'Arche across the world.

In **Scotland** as a whole, L'Arche continued to explore the prospects for growth of a new community, making contact with people with disabilities and their relatives, and with other volunteers attracted by the mission of L'Arche to reveal gifts through relationships that change each person. Areas of particular interest for potential growth are Perth and Aberdeen. The Aberdeen group presently act under the auspices of the University of Aberdeen, with L'Arche represented on the steering group. Their plan is to create *Friendship House*, where 3 PhD students will combine their academic work with helping create opportunities with people with learning disabilities to meet and eat, share and celebrate, reflect and pray together.

North England and Wales

The North England and Wales region of L'Arche comprises the Communities of Liverpool, Preston, Brecon and Manchester along with the projects in Flintshire and Nottingham. Between them they support 79 people with learning disabilities, employ 163 people and involve 113 volunteers.

The **Liverpool Community** continued to work in partnership with a local housing association to open a new property in summer 2017 to provide accommodation for 8 members. Some of these members are already a part of the Liverpool Community, attending the workshop. Another significant development project was launched to refurbish the 'Ark' – the workshop and hub of the community where members come for day activities and community gatherings. As a part of this project, new members are being invited and welcomed to attend. Some of these people are from local specialist schools with whom strong links have been made. Feedback has been very positive of enabling people to enjoy both stimulating day activities and community life that they had not had previously. The Community Mandate (strategic plan) was reviewed during the summer to set out the priorities for the next four years (2017- 21) and the Community Leader accepted a second four-year term of service.

The **Brecon Community** continued to promote the innovative 'Re-Bound Books' at new local festivals and other

events. Work continues to explore how other day activities can be developed to meet local needs as well as increase L'Arche's profile within the local community and beyond. The community house has been refurbished with people now enjoying a more welcoming and homely environment. There have been a number of leadership appointments – a new Community Leader, Registered Manager and Workshop Leader – which has strengthened the Community in time for reviewing its Mandate in 2018. A new post of Training and Formation Lead was created to ensure assistants are developed effectively in all aspects. A group from the linked L'Arche Community in Kenya paid an enjoyable visit on their way to the International Assembly in Belfast in June.

The **Preston Community** have worked hard to realise the potential of the Loom, its new service for seven people with disabilities in three adjacent flats. The first five people have moved in and are being supported. This has meant the gradual growth in size of the Preston team to more than 20 people. Committing to growth in a period of Local Authority stringency and with a level of income per person that is lower than elsewhere, is a challenge financially. The risk has been embraced, in part because it was a core commitment within the Community's mission plan over several years.

The Community Leader appointed a new person to lead the registered services, and the first CQC inspection at the Loom in May yielded a positive outcome of Good in all areas. Significant support was provided from colleagues in L'Arche Manchester at times – a strength that comes from the solidarity of being *one L'Arche*, people sharing the same mission in different places and cultures.

Successful and well-attended soup-and-craft activities take place regularly, and are proving attractive to local people.

The **Manchester Community** laid the foundations this year for growth. It struck an in-principle agreement with a local housing partner for its second service, and its successful engagement with people with disabilities currently living with families has meant that three people have already been identified to move into the new service when it is ready in the autumn, while the original house Heathside continues to flourish.

The Community continued to develop their networking and impact through regular evenings of prayer and socialising, with story-telling round the bonfire, and joint initiatives with several local churches and community groups, in particular with St Paul's church, from whom the community rents its office space. St Paul's make available the hall in which a community café and other activities are being piloted, and this is proving a strong magnet for local people to see L'Arche in action. The coming year will see further growth in this part of its mission.

The **Flintshire Project** continued to work with local partners to develop their vision for a co-housing scheme in Mold. The project community continued to explore how to deepen its experience of sharing life together. This has included setting up small cell groups as a way of meeting regularly and developing life skills together. The annual retreat to Scargill Conference Centre each autumn is another significant way in which the Community grows closer. Focus continues on reaching out to local people and organisations to make the L'Arche project known, fundraise and identify sources of recruitment for when volunteers and assistants will be required.

The **Nottingham Project** consists of two small groups of people with and without learning disabilities who meet for an evening each week, eating, praying and celebrating together, so that mutual relationships develop and are sustained. The two groups meet all together monthly along with a wider network of friends. The friendships formed have an impact through shared activities in other parts of the week and the felt-sense of support from a wider network of friends. The members with a learning disability live either with their families or in their own tenancies supported by other providers. The project plans to establish a third weekly group but does not at present plan to develop any commissioned services.

South England

The South England region of L'Arche comprises the Communities of Kent, London, Bognor Regis and Ipswich. Between them they support 104 people with learning disabilities, employ 193 people and involve 87 volunteers.

The **Ipswich Community** purchased a large former care home which they intend to refurbish to create a courtyard community of self-contained and shared flats with communal space and facilities. A major fundraising campaign will be required to finance this. In the interim, the Community is investigating renting a property to expand their

capacity to welcome people. At the L'Arche International gathering in Belfast, the Community was welcomed into full membership of the International Federation, as it is now an established Community with two services.

The **Bognor Regis Community** agreed a new Mission Plan for 2017-2021, covering how they intend to develop service provision, spiritual life and community life. A new Community Leader was appointed to lead the implementation of the plan. The building work to convert a garage into a bungalow is nearing completion, and this will expand the community's supported living service. A new community room has been installed in the garden of one of the houses

The **London Community** celebrated its 40th anniversary with a series of events throughout the year including a '70s disco and a community retreat. The year has been dominated by a refurbishment of the community's main site, incorporating offices, craft workshops, and a shared house. This has involved temporarily rehousing people with disabilities, and moving activities to alternative locations, but will result in a welcoming and accessible space for all.

The **Kent Community** has had a productive and stable year as they began to implement their 2016-20 plan. They continued to pursue their new project which will see them work in collaboration with the local Anglican Diocese to redevelop a local church with dwindling attendance into a community and faith hub, offering a community café, meeting, events venues and ecumenical prayer space for the city. Day activities, including beer-making, continued to evolve. The Community featured on the BBC1 Sunday Morning Live programme and they have nearly doubled their volunteer membership in the past year.

National Team Activities

A new facilitator for the National Speaking Council was employed part-time and will work alongside a volunteer to further support the NSC. The NSC elected a new Chair and Vice-Chair from amongst its members.

Support was given to the project group in Flintshire (North Wales) as it continued to work on plans for the new Community. Contact was maintained with groups in Aberdeen, Perth and Cambridge who would like to see L'Arche Communities established there. There are increasing signs of interest across informal and professional networks in a vision of service provision which embeds it within the creation of a community of mutual relationships that is fully part of its local neighbourhoods.

Work continued to further develop national policies in the areas of service provision and human resources.

The national Leadership Development research and training project (LDP) (2015-2017) continued to be a key initiative throughout this year, impacting significantly at several different levels. A second national leadership programme was provided for established senior leaders involving residential modules for ten participants across eight communities and a further continuing professional development module for the LDP year one cohort. Alongside this the pilot formation and training foundation programme for early years assistants (the Assistant Development Programme ADP) was consolidated across all UK communities. A thorough evaluation of both the LDP and ADP was later carried out, resulting in the recommendation of decisive and creative steps in order to strengthen leadership both operationally and in terms of governance. These recommendations are now in the process of implementation, key elements being investment in developing the working of the National Leadership Team and more significantly the proposal of re-structuring of national and local governance structures. The team put in place the foundations for a systematic and measured approach to formation and training, involving identifying the need for improved understanding of systems, more effective administration of learning and development activities, and more effective measurement of the return on investment in both training and formation. All of these themes were later taken up in the development of a new project that will focus on recruitment, retention and succession planning for leadership known as the "invite, form and sustain" strategy.

A number of national groups continued to support local post holders by deepening and sharing of good practice across all L'Arche Communities. The National Speaking Council met twice in the year and brought together a member with a disability from each community to develop a shared voice within the structures of L'Arche. The Council was attended by the National Leader and the Chair of Trustees and sent reports to the National Board. The National and Regional Councils brought the Community Leaders together four times in the year, while the Good Practice Forum, the Assistants' Coordinator Group and the National Reflection Council each met twice to focus (respectively) on the service provision, human resources and community & spiritual aspects of L'Arche's

L'ARCHE
STRATEGIC REPORT FOR THE YEAR ENDING 31st JULY 2017 (continued)

mission.

Members of the National Team supported Communities in various review and management processes.

Fundraising & Communication focused on "Transforming Lives", a £4million aggregate appeal for the needs of L'Arche in the UK and overseas, working with the support of the L'Arche International Foundation. The Archbishop of Canterbury Justin Welby, the Archbishop of Westminster Cardinal Vincent Nichols, Mel Giedroyc, Baroness Sheila Hollins and Lady Rose Kingsdown continued to be patrons. With the support of a voluntary Development Council, the appeal produced major grants for a leadership development programme and development works in Inverness, London, Bognor and Ipswich.

L'Arche accepted an invitation from Canterbury Press to write a book and associated tools on inclusive worship resources to support faith communities in their inclusion of people with learning disabilities. This is currently a work in progress. Two members of L'Arche with and without learning disabilities were invited as keynote speakers to the National Healthcare Chaplains three-day conference in September 2016 which was highly successful as subsequently L'Arche has been invited to contribute to an academic publication led by that same body. In accordance with its mission, L'Arche is contributing its expertise in leadership, faith and inclusion to a number of other external bodies including representation on the Roman Catholic diocese of Southwark's Spirituality Commission.

The National Leader maintained close links with L'Arche International, attending the International Leadership Team and Council meetings three times during the year. Twenty three members from the UK attended the International Federation Assembly in Belfast in June, including delegates from each Community and the National & Regional Leaders and the National Board Chair. In addition, six members from the UK were present as part of the planning and organisation teams. The Federation Assembly voted for new International Leaders, a new International Board and a new International Mandate for the next 5 years.

GOING CONCERN

L'Arche operates in a financially challenging environment, with increasing wage costs and pressures on funding. The directors are confident that the company has adequate resources to cover these changes and to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

FINANCIAL REVIEW

The format of these Financial Statements complies with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) currently in force.

Financial Results

The Statement of Financial Activities shows an operating surplus of £69,908 (2016: *deficit £27,531*). After taking into account the net of donations and specific grants and expenditure from development funds this becomes incoming resources of £892,955 (2016 *£338,110*)

The Trustees consider that the Charity has one operating activity: the care and support of people with learning disabilities.

Fundraising

Voluntary Income increased from £916,319 in 2016 to £1,399,745 in 2017, an increase of 52.8% notably as the development of the West Norwood Hub neared completion and a property was purchased in Ipswich. Total pledges in respect of appeals were £1,448,400 (2016 - *£1,702,700*)

Cost of fundraising and publicity increased from £188,884 in 2016 to £248,115 in 2017, as a result of the investment in the film "Summer in the Forrest" which was financed by a generous donation.

Un-restricted donations continue to present a challenge and fell during the year from £211,685 to £165,327 and achieving further increases remains a key priority

Donations made to L'Arche International decreased from £241,364 in 2016 to £126,651 in 2017.

L'Arche subscribes to the voluntary code of the Fundraising Standards Board and has adopted the Code of Practice issued by the Fundraising Regulator. The Trustees have always adopted the policy that L'Arche should neither sell, share nor buy lists of donors. It does not undertake street or telephone fundraising.

Reserves Policy

In common with similar organisations supporting people with learning disabilities, and in line with Charity Commissioners' advice that reserves are needed for reasons of sound financial management and operational planning, L'Arche holds a General Fund in addition to its Development and Fixed Asset Funds (see Note 16 of the Financial Statements).

At 31st July 2017, L'Arche held total reserves of £11,050,042. (2016 - £10,136,452) Free reserves totalled £2,051,098 (2016 - £2,005,555) and were held in the General Fund.

The Unrestricted Development Fund represents donations and grants received without a specific restriction. The Trustees designate unrestricted donations and grants received by a community to projects within that community. They may also, if they deem it appropriate, designate the profit on the sale of assets to a community development fund to ensure that the spirit of the original gift is reflected in future investment.

The General Fund is held primarily to protect against interruptions to our main income flow and to sustain working cash balances to cover fluctuations in operating costs. The current level of unrestricted General Funds of £2,083,578 (2016: £2,028,955) represents 10.8 weeks (2016: 11.5 weeks) of Community operating expenditure. In view of the vulnerability of the residents in L'Arche's care, and our long term commitment to them, it is considered that a minimum of 13 weeks reserves would be more prudent, and the achievement of this level of reserves is, therefore, our medium-term objective.

L'Arche normally has to fundraise for projects before major capital expenditure is incurred. Where property is involved, market conditions occasionally warrant timely purchases from general reserves which inevitably results in the need for retrospective fundraising to replenish this fund.

Key Performance Indicators

The following key performance indicators are included in the measures L'Arche uses to gauge its success in achieving its stated objectives;

- **Number of people with learning disabilities receiving a service from L'Arche:** 258 (2016: 239)
- **Monitoring outcomes with the people L'Arche supports:** Great emphasis is put on the level of satisfaction expressed by individuals concerning their lives and the outcomes of their support from L'Arche. Regular reviews take place with each person, and feedback is taken from others involved in their lives as family and friends. Communities build a culture in which informal comment, critique, compliment or complaint is encouraged. Barriers to this are identified and addressed, eg to strengthen accessibility, the understanding of how to give a comment, change something, or use a formal complaint process.
- **Inspection reports:** L'Arche is a registered provider of support and care services and works closely with the regulatory authorities in Scotland, England and Wales to ensure its services meet the required national standards. For the 20 regulated services, most reports during the year continued to show evidence of the standards being met. Two Communities are ranked as 'outstanding' (Ipswich and Liverpool); while services in two Communities "require improvement" (Bognor and Kent) where remedial action plans are in place. These reports are in the public domain and can be found on the respective regulators' websites (Scotland www.careinspectorate.com; Wales www.cssiw.org.uk ; England www.cqc.org.uk). We recognise the challenge of limited resources and of ensuring the quality of the holistic support provided continues to be of the highest quality, and we therefore continue to work with local Communities to support them in achieving the highest possible standards.
- **Ratio of people with learning disabilities to full-time equivalent employees.** This gives an indication of the level of support provided by assistants and other employees. 2017: 1 to 1.6 (2016: 1 to 1.6).
- **Training costs as a proportion of staff costs** – this monitors the investment in our employees' induction,

professional training and personal development to ensure they continue to be adequately equipped for the high standards of support and personal care required of them. 2017: 3.12% (2016: 4.46%).

- **Average cost of support per member with learning disabilities** – this is calculated as the full cost, including overheads, of providing members' support and care at home and day provision costs. Individual costs will vary significantly depending on the individual support required. 2017: £ 48,586 (2016: £47,587)
- **Number of donors** – this gives a measure of the level of financial support and the success of our outreach activities in attracting new funds from individuals, organisations and trusts. 2017: 1,696 (2016: 1,761).

INVESTMENT POLICY

In accordance with the investment powers contained in the Memorandum of Association, monies not immediately required for the day-to-day operation of the Company may be held in investments, securities or property. During the financial year concerned, the Company has sought to minimise risk by investing in a combination of short and longer term high yield cash deposits.

OBJECTIVES FOR THE COMING YEAR

Each local Community renews the statement of objectives that flow from its local mission through a participative process each year. From these agreed plans, a set of objectives for L'Arche and its national postholders are also agreed each year.

- Supporting all Communities to diversify their models of community living and service provision;
- Supporting the smaller Communities to grow in size;
- Supporting the Flintshire and Nottingham projects in setting up their founding communities,
- Supporting the National Speaking Council to enable members with learning disabilities to participate effectively in decision making,
- Developing a new quality assurance system across all communities,
- Developing a new recruitment, training and formation strategy with an emphasis on induction, formation and leadership development,
- Investing in Fundraising to increase our levels of donated income,
- Reviewing and bringing up to date the Memorandum & Articles and Constitution of L'Arche.

By Order of the National Board



John Sargent

National Leader for L'Arche in the UK & Company
Secretary

25th January 2018

Opinion

We have audited the financial statements of L'Arche (the 'charitable company') for the year ended 31 July 2017 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2017, and of its incoming resources and application of resources, including its income and expenditure, 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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 charitable company's 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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) and 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 auditor's 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. This description forms part of our auditor's report.

L'ARCHE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF L'ARCHE (continued)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Lesley Kendrew (Senior Statutory Auditor)
For and on behalf of BHP LLP, Statutory Auditor

26th January 2018

BHP LLP, Statutory Auditor
New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

STATEMENT OF FINANCIAL ACTIVITIES incorporating Income and Expenditure Account FOR THE YEAR ENDED 31st JULY 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £
INCOME AND EXPENDITURE						
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income						
Donations and Grants	1	165,327	1,234,418	-	1,399,745	916,319
Investment income	2	6,132	226	-	6,358	8,208
Incoming resources from charitable activities	3	9,872,252	-	-	9,872,252	8,987,854
Other incoming resources						
Profit on disposal of fixed assets		2,025	-	-	2,025	440
Total incoming resources		10,045,736	1,234,644	-	11,280,380	9,912,821
RESOURCES EXPENDED						
<i>Costs of generating funds</i>						
Fundraising and publicity	4	194,406	53,709	-	248,115	188,884
<i>Charitable activities</i>						
Direct charitable expenditure	5	9,784,191	224,693	-	10,008,884	9,136,666
Donations made		6,392	124,034	-	130,426	249,161
Total resources expended	6	9,984,989	402,436	-	10,387,425	9,574,711
Net incoming resources before transfers	7	60,747	832,208	-	892,955	338,110
<i>Analysed as:</i>						
Operating surplus (deficit)	8	102,339	(32,431)	-	69,908	(27,531)
Net non operating income after fundraising costs		(41,592)	864,639	-	823,047	365,641
Net incoming resources before transfers		60,747	832,208	-	892,955	338,110
Transfer between funds	16	1,223,134	(1,223,134)	-	-	-
Net income for the year		1,283,881	(390,926)	-	892,955	338,110
Other recognised gains & losses:						
Unrealised gain (loss) on investments		9,085	-	11,550	20,635	(1,468)
Net movement in funds		1,292,966	(390,926)	11,550	913,590	336,642
Balances brought forward at 1st August 2016	16	8,952,565	1,070,487	113,400	10,136,452	9,799,810
Balances carried forward at 31st July 2017	16	10,245,531	679,561	124,950	11,050,042	10,136,452

The operating surplus for the year arises from the company's continuing operations.

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

BALANCE SHEET AT 31st JULY 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	9	8,190,774	6,951,694
Investments	10	157,430	136,795
		8,348,204	7,088,489
CURRENT ASSETS			
Debtors	11	1,260,572	1,186,217
Cash at bank and in hand	12	2,801,279	3,060,486
		4,061,851	4,246,703
CREDITORS			
Amounts falling due within one year	13	899,814	740,344
NET CURRENT ASSETS		3,162,037	3,506,359
TOTAL ASSETS LESS CURRENT LIABILITIES		11,510,241	10,594,848
CREDITORS			
Amounts falling due after more than one year	14	460,199	458,396
NET ASSETS		11,050,042	10,136,452
THE FUNDS OF THE CHARITY			
<i>Unrestricted</i>			
General Fund	16a	2,083,582	2,028,955
Development Fund	16a	344,254	363,837
Fixed Asset Fund	16a	7,817,695	6,559,773
<i>Restricted</i>			
Development Funds	16b	679,561	1,070,487
<i>Endowment</i>			
General Fund	16c	124,950	113,400
TOTAL CHARITY FUNDS		11,050,042	10,136,452

The financial statements were approved by the Finance Sub-Committee and authorised for issue on 25 January 2018 and were signed on its behalf by:

D Race

P J Whalley
Directors



Company number: 1055041

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st JULY 2017

CASH FLOW	Notes	2017 £	2016 £
Net cash inflow from operating and other activities	17a	1,345,949	399,879
Investments and servicing of finance	17b	(5,035)	1,023
Net capital expenditure	17c	(1,581,279)	(574,819)
		<hr/>	<hr/>
		(240,365)	(173,917)
Financing outflow	17e	(18,842)	(20,410)
		<hr/>	<hr/>
Decrease in cash		(259,207)	(194,327)
		<hr/>	<hr/>

L'ARCHE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st JULY 2017
PRINCIPLE ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on a going concern basis in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

L'Arche meets the definition of a public benefit entity under FRS 102.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing these financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, a restatement of comparative items was required.

Grants, Donations and Legacies

Grants and donations for which the purpose is restricted within the meaning of Charity Accounting Regulations are shown as income under the heading of Donations in the Statement of Financial Activities. Restricted Donations are transferred to the Development Fund where they are held until expenditure in accordance with the grant is incurred. At this point any shortfall is transferred to the General Fund. At the discretion of L'Arche, general donations may be designated to development projects and treated in the same manner as restricted donations (see Note 16).

Entitlement to Legacies is taken as the earlier of the date on which either:

- the charity is aware that probate has been granted, the estate has been finalised and notification has been received by the Charity from the executors that a distribution will be made
- or when a distribution is received from the estate

Other grants and donations received are treated as income in the period in which they are receivable.

Incoming Resources from Charitable Activities and Operating Surplus

Incoming Resources from Charitable Activities represents the aggregate of Residents' Income Support, Local and Central Government grants and receipts and other non-government receipts provided for the maintenance of the Communities and their residents. The operating surplus comprises operating income less Direct Charitable Expenditure and Administration costs. See note 8 for the detailed figures.

ACTIVITIES

Expenditure Allocation

Expenditure is analysed between Direct Charitable Expenditure, (which represents actual direct costs incurred by the Communities), Fundraising and Publicity, Administration and Governance. Some elements of Community costs have been paid by Central Administration but have been recharged to Direct Charitable Expenditure where appropriate.

Governance costs are those costs incurred in respect of the general running of L'Arche as opposed to those costs arising directly and indirectly from the provision of care and support for people with learning disabilities. Included within governance are items such as audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

L'ARCHE
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st JULY 2017

PRINCIPLE ACCOUNTING POLICIES (cont.)

Donations for L'Arche International and Overseas Communities

Where donations have been raised for the specific purpose of distribution to L'Arche Overseas Communities, to minimise administration costs there can be a delay in the transfer of these funds to the projects for which they have been given. The size of the sums involved warrant separate disclosure from other funds donated to L'Arche UK.

Pension Costs

The Company auto enrols qualifying employees as members of a group personal pension scheme, administered by Royal London. The Company's contributions are included in Resources Expended in the Statement of Financial Activities in the year in which the contributions are made.

Leased Assets and Obligations

All leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Where tangible fixed assets are donated, the cost is the value to the Company at the date of acquisition. Items costing under £500 are written off in the year of purchase.

Depreciation

Depreciation is provided on tangible fixed assets in equal annual instalments sufficient to write off the cost of the assets over their expected useful lives. A full year's depreciation is charged on acquisition; no charge is made in the year of disposal or on assets in the course of construction. The basis is:

Category	Years
Freehold buildings	40 years
Long and short leasehold buildings	period of the lease
Tools and equipment	4 years
Motor vehicles	4 years

Freehold land is excluded from the depreciation on the basis of value at date of acquisition. The cost of fixtures and fittings is accounted for as expenditure in the year in which it is incurred.

Funds

The General Fund consists of amounts received which have yet to be committed or designated to a specific use by the Company. The Development Fund comprises grants and donations received for or appropriated to development projects. It contains amounts either restricted by the donor or designated by the Company for specific purposes. The Fixed Asset Fund, Unrestricted and Endowed, represents the net book value of property and other tangible fixed assets less long-term borrowings on property.

Investments

All investments are stated at market value. The market value of listed investments is derived from prices quoted on the PLUS Market (formerly OFEX). Unrealised changes made to the balance sheet market values are reflected in the Statement of Financial Activities.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

1. DONATIONS

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Donations and Grants				
received for general purposes:				
a. retained in the General Fund	2,000	-	2,000	4,500
b. designated to the Development Fund	163,327	-	163,327	207,185
Donations and Grants				
a. received for UK Development	-	1,127,360	1,127,360	509,317
b. received for L'Arche Overseas	-	107,058	107,058	195,317
	165,327	1,234,418	1,399,745	916,319

2. INVESTMENT INCOME

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Bank interest	3,954	-	3,954	5,923
Income from investments	2,178	226	2,404	2,285
	6,132	226	6,358	8,208

Income from investments includes £2,373 (2016: £2,268) deriving from an investment of endowment funds.

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2017 Total £	2016 Total £
Income from Care and Support Provision	8,353,757	7,656,294
Income from Housing Services	1,199,362	1,066,081
Other funding	199,027	159,715
Sundry receipts	90,473	57,655
Sale of Products	29,633	48,109
	9,872,252	8,987,854

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

4. COSTS OF GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £
Publicity	27,396	49,500	-	76,896	25,086
Fundraising	167,010	4,209	-	171,219	163,798
	194,406	53,709	-	248,115	188,884

5. DIRECT CHARITABLE EXPENDITURE

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £
<i>Community operating costs</i>					
Employment and training	6,668,618	98,637	-	6,767,255	6,005,754
Household costs & community activities	549,304	19,160	-	568,464	531,386
Occupancy costs	1,136,494	-	-	1,136,494	1,062,903
Repairs, maintenance & renewals	210,299	12,264	-	222,563	210,191
Depreciation	329,059	-	-	329,059	317,049
Workshop costs	66,733	400	-	67,133	69,879
<i>Support costs</i>					
Office costs	139,280	9,867	-	149,147	148,320
Motor & travel	118,256	6,610	-	124,866	106,518
Legal & professional	46,303	2,286	-	48,589	51,877
Loan interest	11,393	-	-	11,393	7,185
Direct support and development	394,069	68,570	-	462,639	507,963
<i>Governance Costs</i>	112,805	6,899	-	119,704	117,641
Loss on disposal of fixed assets	1,578	-	-	1,578	-
	9,784,191	224,693	-	10,008,884	9,136,666

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

6. TOTAL RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other Costs £	Total 2017 £	Total 2016 £
Donations to L'Arche Overseas	-	-	126,651	126,651	241,364
Donations to L'Arche Benevolent Trust	-	-	3,000	3,000	3,000
Other donations	-	-	775	775	4,797
Total donations	-	-	130,426	130,426	249,161
Direct charitable expenditure	7,117,151	336,520	2,555,213	10,008,884	9,136,666
Fundraising and publicity	131,878	6,126	110,111	248,115	188,884
	7,249,029	342,646	2,795,750	10,387,425	9,574,711

L'Arche Benevolent Trust is an independent registered charity with the objective of assisting employees and ex-employees of L'Arche who may require financial support as a result of personal hardship.

	2017 £	2016 £
Staff costs		
Salaries	6,440,132	5,745,543
National Insurance	407,121	342,728
Pension and life assurance costs	200,715	202,496
Training	201,061	238,511
	7,249,029	6,529,278

The number of staff receiving employer's contributions into the pension scheme was 298 (2016: 257). At the year end premiums totalling £175 were outstanding to the pension scheme provider (2016: £nil)

	2017 £	2016 £
Other costs		
Donations	130,426	249,161
Household costs & community activities	568,464	531,386
Workshop costs	67,133	69,879
Occupancy costs, repairs & renewals	1,389,469	1,303,673
Office costs	181,633	180,664
Motor & travel	200,345	176,888
Community support and development	29,428	24,349
Legal & professional	107,348	118,258
Loan interest	11,393	7,185
Fundraising and publicity	110,111	59,037
	2,795,750	2,720,480

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

6 TOTAL RESOURCES EXPENDED (cont.)

The Statement of Recommended Practice "Accounting and Reporting by Charities" requires disclosure of the number of employees whose remuneration was in excess of £60,000. There were no employees falling into this category during the year.

During the year, 11 (2016: 10) directors, who act as trustees of the charity, were reimbursed a total of £6,703 (2016: £5,899) in respect of travel expenses. The trustees receive no remuneration.

The key management personnel of the Charity comprise the trustees, the National Leader, Regional Leaders, Finance Co-ordinator, Communications and Fundraising Co-ordinator and Formation Co-ordinator. The total employee remuneration of the key management personnel of the Charity were £284,228 (2016: £284,742).

Excluding the Committee members, who under the terms of the Articles of Association cannot be employed by the Company, the average weekly number of employees, analysed by function was:

	2017	2016
Communities	371	356
Administration and Finance	13	13
Fundraising and publicity	5	4
	<hr/>	<hr/>
	389	373

7. NET INCOMING RESOURCES BEFORE TRANSFERS

The net incoming resources before transfers in the Statement of Financial Activities are stated after charging/(crediting) the following amounts:

	2017	2016
	£	£
Auditors' remuneration	15,674	15,620
Depreciation charge for the year on tangible fixed assets	342,646	330,902
Cost of operating leases (see note 15)	10,561	10,561
Profit on disposal of tangible fixed assets	(447)	(440)
	<hr/>	<hr/>

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

8. OPERATING SURPLUS

The operating surplus as stated in the SOFA is calculated as follows:

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £
Operating income	9,872,252	-	-	9,872,252	8,987,854
Investment income applied to operating expenditure	6,132	-	-	6,132	7,931
Donations for operating expenditure	36,517	241,762	-	278,279	140,996
Profit on disposal of fixed assets	2,025	-	-	2,025	440
	9,916,926	241,762	-	10,158,688	9,137,221
Less:					
Direct charitable expenditure	9,784,191	224,693	-	10,008,884	9,136,666
Contributions to Benevolent Trust	3,000	-	-	3,000	3,000
Publicity Costs	27,396	49,500	-	76,896	25,086
	9,814,587	274,193	-	10,088,780	9,164,752
Operating Surplus (Deficit)	102,339	(32,431)	-	69,908	(27,531)

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

9. TANGIBLE FIXED ASSETS

COST	Freehold land and buildings £	Long leasehold buildings £	Short leasehold buildings £	Tools and equipment £	Motor vehicles £	Total £
1st August 2016	7,488,145	688,825	841,125	1,087,966	198,083	10,304,144
Additions	1,478,203	-	27,665	64,492	12,944	1,583,304
Disposals	-	-	-	(103,082)	(25,990)	(129,072)
31st July 2017	8,966,348	688,825	868,790	1,049,376	185,037	11,758,376
DEPRECIATION						
1st August 2016	1,881,820	293,241	104,667	900,350	172,372	3,352,450
Charge for year	170,790	17,220	37,970	100,859	15,807	342,646
Disposals	-	-	-	(101,504)	(25,990)	(127,494)
31st July 2017	2,052,610	310,461	142,637	899,705	162,189	3,567,602
NET BOOK VALUE						
31st July 2017	6,913,738	378,364	726,153	149,671	22,848	8,190,774
31st July 2016	5,606,325	395,584	736,458	187,616	25,711	6,951,694

Leasehold buildings are sub-divided into those held under short leases (50 years and under) and those held under long leases (over 50 years).

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

10. INVESTMENTS

	Quoted £	Listed £	Unlisted £	Total £
Market value 1st August 2016	23,395	113,400	-	136,795
Unrealised investment gains	9,085	11,550	-	20,635
Market value 31st July 2017	32,480	124,950	-	157,430
Historical cost 31st July 2017	-	3,230	-	3,230

All investments are in the United Kingdom.

The listed investments were given to L'Arche as an endowment, and comprise 1,050 shares in Adnams Brewery, a PLUS Market company, with a market value of £119.00 per share at 31st July 2017 (2016: £108.00).

11 DEBTORS

	2017 £	2016 £
Other debtors	120,330	125,489
Prepayments and accrued income	1,140,242	1,060,728
	1,260,572	1,186,217

12 CASH AT BANK AND IN HAND

	2017 £	2016 £
Working cash balances	13,738	12,011
Bank deposits	2,787,541	3,048,475
	2,801,279	3,060,486

The cash requirement of any major project, either capital or revenue, is estimated at least six months prior to its commencement and the fundraising process starts as soon as the project has been approved. Since funds raised for a project may not be spent for several months, this can result in temporarily high cash balances.

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

13. CREDITORS - Amounts falling due within one year

	2017 £	2016 £
Taxation and social security costs	108,702	90,880
Residents' grants received in advance	65,229	131,689
Other creditors	470,758	297,971
Triodos loan (Ipswich)	15,268	15,268
Triodos loan (Bognor Regis)	2,256	2,256
Triodos loan (Brecon)	1,161	1,162
Accruals and deferred income	236,440	201,118
	899,814	740,344

Residents grants received in advance refers to funding received from statutory bodies and we would anticipate it would be no greater than 1 month in respect of individual residents.

14. CREDITORS - Amounts falling due after more than one year

	2017 £	2016 £
Triodos loan (Ipswich)		
Falling due 1-2 years	14,814	14,814
Falling due 2-5 years	44,442	44,442
Falling due over 5 years	190,732	205,604
Triodos loan (Bognor Regis)		
Falling due 1-2 years	3,400	3,400
Falling due 2-5 years	10,200	10,200
Falling due over 5 years	56,880	59,392
Triodos loan (Brecon)		
Falling due 1-2 years	1,163	1,163
Falling due 2-5 years	3,489	3,489
Falling due over 5 years	47,955	49,412
	373,075	391,916
Other Creditors	87,124	66,480
	460,199	458,396

The Triodos loan at Ipswich is secured on 3 Warrington Road, Ipswich, with an interest rate fixed at 1.25% over base. The Triodos loan at Bognor Regis is secured on 188 Hawthorn Road, Bognor Regis with an interest rate fixed at 3% over base, with a minimum rate of 3.5%. The Triodos loan at Brecon is secured on Glasfryn, Church Street, Llanfaes, Brecon, with an interest rate fixed at 5% over base, with a minimum rate of 5.5%.

All loans are for a period of 25 years

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

15. COMMITMENTS AND CONTINGENCIES

a) Operating Lease Commitments

	2017	2016
At 31 July 2017 the company was committed to making the following payments during the next year under non-cancellable operating leases as follows:-	Land & buildings	Land & buildings
	£	£
Expiring between 2 and 5 years	-	-
Expiring in 5 years or more	10,561	10,561
	10,561	10,561

The majority of the company's leases of land and buildings are subject to rent review periods ranging between 3 and 5 years. All leases currently held by L'Arche are Operating Leases.

b) Capital Projects Planned and Committed

Capital projects planned at 31st July 2017 amounted to a total of £2,050,494 (2016: £3,122,844).

	1st August 2016 £	Expended £	Allocated (Released) £	31st July 2017 £
Planned				
London, Norwood High Street Site	600,000	(581,680)	134,742	153,062
Inverness, Braerannoch Site	1,276,749	-	215,400	1,492,149
Bognor, Jericho Extension	165,545	(132,067)	-	33,478
Ipswich, Purchase of New Property	1,080,550	(708,745)	-	371,805
	3,122,844	(1,422,492)	350,142	2,050,494

Contracts amounting to £713,350 (2016: £nil) had been placed at that date for these projects.

At 31st July 2017, total pledges received in respect of the above projects totalled £1,480,400 (2016 - £1,603,000)

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

16. FUNDS

	General Fund £	Development Fund £	Fixed Asset Fund £	Total Funds £
a) Unrestricted Funds				
1st August 2016	2,028,955	363,837	6,559,773	8,952,565
Fund movements for the year:				
Net incoming resources for the year	60,747	-	-	60,747
Donations and Grants received for general purposes	(193,327)	193,327	-	-
Purchase of tangible fixed assets	(376,032)	(1,207,272)	1,583,304	-
Derestriction on purchase of tangible fixed assets	-	1,192,418	-	1,192,418
Repayment of loans and mortgages on property	(18,842)	-	18,842	-
Transfer for depreciation	342,646	-	(342,646)	-
Derestriction - other	30,716	-	-	30,716
Net book value of disposals	1,578	-	(1,578)	-
Development Funds expended	198,056	(198,056)	-	-
Unrealised gain on investments	9,085	-	-	9,085
Total fund movements	54,627	(19,583)	1,257,922	1,292,966
31st July 2017	2,083,582	344,254	7,817,695	10,245,531
	General Fund £	Development Fund £	Fixed Asset Fund £	Total Funds £
b) Restricted Funds				
1st August 2016	-	1,070,487	-	1,070,487
Fund movements for the year:				
Net incoming resources for the year	-	832,208	-	832,208
Derestriction on purchase of tangible fixed assets	-	(1,192,418)	-	(1,192,418)
Derestriction - other	-	(30,716)	-	(30,716)
Total fund movements	-	(390,926)	-	(390,926)
31st July 2017	-	679,561	-	679,561

The Restricted Funds form part of Bank Deposits.

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

16. FUNDS (cont.)

	General Fund £	Development Fund £	Fixed Asset Fund £	Total Funds £
c) Endowment Funds				
1st August 2016	113,400	-	-	113,400
Fund movements for the year:				
Unrealised gain on investments	11,550	-	-	11,550
Total fund movements	11,550	-	-	11,550
31st July 2017	124,950	-	-	124,950
	General Fund £	Development Fund £	Fixed Asset Fund £	Total Funds £
d) Summary				
1st August 2016	2,142,355	1,434,324	6,559,773	10,136,452
Fund movements for the year:				
Net incoming resources for the year	60,747	832,208	-	892,955
Purchase of tangible fixed assets	(376,032)	(1,207,272)	1,583,304	-
Repayment of loans and mortgages on property	(18,842)	-	18,842	-
Adjustment for depreciation	342,646	-	(342,646)	-
Transfer between funds	37,023	(35,445)	(1,578)	-
Unrealised gain on investments	20,635	-	-	20,635
Total fund movements	66,177	(410,509)	1,257,922	913,590
31st July 2017	2,208,532	1,023,815	7,817,695	11,050,042

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

16. FUNDS (cont.)

Restricted Funds:	1st August 2016 £	Movement in Resources			31st July 2017 £
		Incoming £	Derestricted £	Expended £	
Transforming Lives					
Expanding the Contribution of People with Learning Disabilities in Society					
Developing resources to help people with learning disabilities deepen their spiritual lives	8,000			(675)	7,325
Creating More Places to Call Home					
New Communities					
Flintshire	123,968	19,489	-	(48,060)	95,397
Nottingham	22,677	6,130	-	(5,069)	23,738
Scotland	48,432	-	-	-	48,432
Capital Appeals					
Bognor - Annex to Existing Building	97,327	78,008	(125,892)	(139)	49,304
Ipswich - Purchase and Development of New Project	120,400	355,691	(424,076)	-	52,015
London - Development of West Norwood Hub	364,294	226,262	(581,680)	-	8,876
Preston - Conversion of Presbytery to Shared Flats	4,253	14,949	-	(15,499)	3,703
Inverness - Development and Refurbishment of Braerannoch Site	76,738	126,807	(76,451)	(823)	126,271
Investing in Leadership, Young People & Infrastructure for Growth					
Leadership Development Programme	4,121	77,100		(73,024)	8,197
First and Second Year Assistants Formation Programme	2,842	10,900		(3,195)	10,547
Investment in Programmes & Projects Of L'Arche International					
Lithuania	38,950	998	-	(39,948)	-
India	1,185	5,530	-	(4,902)	1,813
Africa	3,978	22,994	-	(14,822)	12,150
Poland	144	226	-	(235)	135
Haiti	-	4,239	-	(1,850)	2,389
International Gathering Belfast 2017	-	53,600	-	(53,600)	-
International	5,649	26,677	-	(14,306)	18,020
Total Transforming Lives	922,958	1,029,600	(1,208,099)	(276,147)	468,312
Local Community Projects					
Kent	18,641	5,467		(693)	23,415
Inverness	21,819	15,886	(5,000)	(17,139)	15,566
Liverpool	3,409	74,433		(23,343)	54,499
London	22,815	18,894		(26,077)	15,632
Bognor	14,016	7,174	(6,175)	(1,616)	13,399
Brecon	2,137	1,896		(2,260)	1,773
Edinburgh	4,370	16,772		(2,344)	18,798
Preston	1,291	556		(170)	1,677
Ipswich	1,000	485		(485)	1,000
Manchester	55,691	13,822	(3,860)	(2,382)	63,271
Other restricted donations and gifts	2,340	49,659		(49,780)	2,219
	1,070,487	1,234,644	(1,223,134)	(402,436)	679,561

* Restrictions changed with permission of Donor

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

16. FUNDS (cont.)

<i>Endowment Funds</i>	1st August 2016 £	Gains and transfers £	31st July 2017 £
Adnams shares	113,400	11,550	124,950
	113,400	11,550	124,950

The Adnams shares were given as endowment to L'Arche; the dividends from which can be used for general purposes.

Analysis of net assets between funds

	General Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible fixed assets	8,190,774	-	-	8,190,774
Investments	32,480	-	124,950	157,430
Current assets	3,382,290	679,561	-	4,061,851
Current liabilities	(899,814)	-	-	(899,814)
Long term liabilities	(460,199)	-	-	(460,199)
Net assets as at 31 July 2017	10,245,531	679,561	124,950	11,050,042

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

17. NOTES TO CASH FLOW STATEMENT

	2017	2016
	£	£
a. RECONCILIATION of net incoming resources to net cash inflow from operating and other activities		
Net incoming resources	892,955	338,110
Investment income receipts	(6,358)	(8,208)
Finance costs paid	11,393	7,185
Depreciation charges	342,646	330,902
(Profit)/Less on sale of tangible fixed assets (net)	(447)	(440)
Increase in debtors	(74,355)	(284,805)
Increase in creditors	180,115	17,135
	<hr/>	<hr/>
Net cash inflow from operating and other activities	1,345,949	399,879
	<hr/>	<hr/>
b. INVESTMENTS AND SERVICING OF FINANCE		
Investment income receipts	6,358	8,208
Finance costs paid	(11,393)	(7,185)
	<hr/>	<hr/>
	(5,035)	1,023
	<hr/>	<hr/>
c. NET CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(1,583,304)	(575,259)
Receipts from sales of tangible fixed assets	2,025	440
	<hr/>	<hr/>
	(1,581,279)	(574,819)
	<hr/>	<hr/>
d. RECONCILIATION of net cash flow to movement in net debt		
Decrease of cash in the period	(259,207)	(194,327)
Loan repayments	18,842	20,410
	<hr/>	<hr/>
Movement in net funds in the year	(240,365)	(173,917)
Net Funds as at 1st August 2016	2,823,801	2,823,801
	<hr/>	<hr/>
Net Funds as at 31st July 2017	2,583,436	2,649,884
	<hr/>	<hr/>

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

17. NOTES TO CASH FLOW STATEMENT (cont.)

e. ANALYSIS OF CHANGES IN NET CASH AND FINANCING

	1st August 2016 £	Cash flows £	31st July 2017 £
Cash			
Cash at Bank and in hand	3,060,486	(259,207)	2,801,279
Financing			
Triodos loan (Ipswich)	(280,128)	14,872	(265,256)
Triodos loan (Bognor Regis)	(75,248)	2,512	(72,736)
Triodos loan (Brecon)	(55,226)	1,458	(53,768)
Total Financing	(410,602)	18,842	(391,760)
Total Net Funds and Financing	2,649,884	(240,365)	2,409,519

L'ARCHE - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2017

18 STATEMENT OF FINANCIAL ACTIVITIES incorporating Income and Expenditure Account FOR THE YEAR ENDED 31st JULY 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2016 £
INCOME AND EXPENDITURE					
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income					
Donations and Grants	1	211,685	704,634	-	916,319
Investment income	2	7,931	277	-	8,208
Incoming resources from charitable activities	3	8,987,854	-	-	8,987,854
Other incoming resources					
Profit on disposal of fixed assets		440	-	-	440
Total incoming resources		9,207,910	704,911	-	9,912,821
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising and publicity	4	164,834	24,050	-	188,884
Charitable activities					
Direct charitable expenditure	5	8,930,893	205,773	-	9,136,666
Donations made		4,919	244,242	-	249,161
Total resources expended	6	9,100,646	474,065	-	9,574,711
Net incoming resources before transfers	7	107,264	230,846	-	338,110
<i>Analysed as:</i>					
Operating surplus (deficit)	8	81,266	(108,797)	-	(27,531)
Net non operating income after fundraising costs		25,998	339,643	-	365,641
Net incoming resources before transfers		107,264	230,846	-	338,110
Transfer between funds	16	57,161	(57,161)	-	-
Net income for the year		164,425	173,685	-	338,110
Other recognised gains & losses:					
Unrealised gain (loss) on investments		632	-	(2,100)	(1,468)
Net movement in funds		165,057	173,685	(2,100)	336,642
Balances brought forward at 1st August 2015	16	8,787,508	896,802	115,500	9,799,810
Balances carried forward at 31st July 2016	16	8,952,565	1,070,487	113,400	10,136,452

The operating surplus for the year arises from the company's continuing operations.