

**SEAP**

**Financial Statements**

**Year ended 31 March 2012**

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COMPANIES HOUSE

Charity No 1080679

Company No 3963421

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## Reference and Administrative Details

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|                            |                                                                                             |                      |
|----------------------------|---------------------------------------------------------------------------------------------|----------------------|
| <b>Trustees</b>            | G. Parker                                                                                   | Chair                |
|                            | B. Browning                                                                                 |                      |
|                            | M. Casey                                                                                    | (resigned 23/03/12)  |
|                            | A. Heslop                                                                                   |                      |
|                            | S. Holmes-Smith                                                                             |                      |
|                            | A. Bird                                                                                     | (resigned 30/09/11)  |
|                            | E. McCreadie                                                                                | (resigned 02/12/11)  |
|                            | P. Cooper                                                                                   |                      |
|                            | J. Weller                                                                                   |                      |
| <b>Other Board members</b> | C. Wood                                                                                     | (resigned 30/09/11)  |
|                            | M. Tufnell                                                                                  | (resigned 30/09/11)  |
|                            | K. Edgar                                                                                    | (appointed 31/05/12) |
|                            | K. Sorhaug                                                                                  | (appointed 27/07/12) |
| <b>Chief Executive</b>     | M. Casey                                                                                    |                      |
| <b>Company Secretary</b>   | B. Browning                                                                                 |                      |
| <b>Registered Office</b>   | 7th Floor<br>Cavendish House<br>Breeds Place<br>Hastings<br>East Sussex                     | TN34 3AA             |
| <b>Auditors</b>            | Mazars LLP<br>Times House<br>Throwley Way<br>Sutton<br>Surrey                               | SM1 4JQ              |
| <b>Bankers</b>             | The Co-operative Bank p.l.c<br>Head Office<br>P O Box 101<br>1 Balloon Street<br>Manchester | M60 4EP              |
| <b>Solicitors</b>          | Sherrards Solicitors<br>Grosvenor Hall<br>Bolnore Road<br>Haywards Heath<br>West Sussex     | RH16 4BX             |

## **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012**

The Trustees of SEAP present their annual report for the year 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012.

### **VISION STATEMENT**

***Your Voice, Your Rights, Your Choice***

### **MISSION STATEMENT**

To continue to develop as a leading advocacy organisation within the UK, providing client-led services which enable and empower clients, providers, planners and policy makers to:

- Support successful resolution of individual client issues.
- Ensure the experiences, views, wishes and feelings of clients impact on, improve and play a central role in service planning and delivery.

### **VALUES & ETHOS**

SEAP provides high quality, confidential, independent advocacy services, supporting clients in having a voice in the way they are cared for, in the services they receive, and in decisions that are made about their lives. Advocates support clients to express their views, wishes and feelings themselves, or through a competent and independent voice, assisting them in safeguarding their rights and ensuring that those who are particularly vulnerable and/or excluded have an opportunity to take forward issues which are of importance to them.

SEAP is committed to providing advocacy support through well trained, supervised, highly motivated advocates, who ensure that the views of clients form a central part of decision-making processes.

Our overall ethos is one of client empowerment. It is dedicated to promoting the voice of clients, especially those who are particularly vulnerable, to ensure that their views are heard, genuinely taken into account, and influence the planning, delivery and development of services.

SEAP is committed to:

- The provision of skilled individual casework advocacy, providing effective representation of clients' views, wishes and feelings to those in positions of power and influence
- Engaging with key service providers to highlight themes, trends, gaps in service provision and practice/policy issues
- The promotion of client involvement at all levels and in all areas of its own, and service provider, organisations/agencies
- Taking a lead role in furthering the quality of advocacy provision, through involvement in local, regional and national fora; the development of a formal advocacy qualification route; and the development of National Occupational Standards across the field
- Significant involvement in the wider national and local policy agendas, raising the profile of advocacy as an intervention to promote individual choice.

### **The organisation's wider role**

As a leading advocacy provider, SEAP invests resources in monitoring, influencing and responding to key developments and initiatives in the external environment, particularly within the health and social care arena. The organisation plays a proactive role in national, regional and local fora, providing consultancy advice, and working at all levels to ensure that client views, concerns and experiences influence service planning and delivery.

### **Scope of Operations**

SEAP has eight offices across the south of England, with its Head Office located in Hastings, East Sussex.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Documents**

SEAP is a charitable company limited by guarantee, incorporated on 3 April 2000 and registered as a charity on 11 May 2000. It was established under a Memorandum of Association, which establishes its objects and powers and is governed under its articles of association which were last amended in September 2010.

### **Responsibilities of the Board**

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statements as to disclosure of information to auditors**

So far as the Trustees are aware at the time the report is approved:

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

### **Recruitment and Appointment of the Board**

Trustees who are also directors of the charity for the purposes of the Companies Act, are elected at the Annual General Meeting of the charity; and at each such meeting one third of the Trustees are subject to retirement by rotation and are eligible for re-election.

SEAP has undertaken a recruitment drive for new trustees, and is pleased to welcome Kevin Edgar, who has extensive experience of organisational development and change management in small and large businesses.

SEAP has advertised for officer positions through a range of media including the national press and social media.

The names of the Trustees at the date the accounts were signed are set out on the schedule of reference and administrative details on page 1. SEAP's Board aims to recruit in such a way as to bring expertise in advocacy, governance, specialist client groups, and related areas of expertise that can add value to the charity.

### **Trustee induction and training**

SEAP's Board has implemented a recruitment policy, Trustee handbook, and Trustee Code of Practice. As part of their induction, Trustees meet with the CEO and other relevant managers. The Board is shortly about to adopt a policy of conducting annual appraisals with Trustees.

### **Organisational Structure**

The charity is governed by a Board of Trustees, which meets regularly to manage and control the resources administered by the charity.

Following an organisational restructure, the Executive Management Team comprises the Chief Executive, the Head of Operations and three Area Managers, Finance Manager, HR Manager and Head of Business Development and are responsible for day to day policy and decision making as well as overseeing the implementation of the business plan.

The Board of Trustees now numbers eight people, including seven Trustees, and the Board intends to recruit further service users within the next year.

The Executive Management team submit reports on the work of the organisation to the Board, and attend relevant Board agenda items. At least once a year, the Board meet jointly with the Management Team to review the organisation's performance and achievements against the objectives laid down in the Business Plan. During the year, the Board has operated Audit, Risk Assessment and Remuneration subcommittees.

During the year the Trustees met on eight occasions in full Board meetings and a further six sub-committee meetings were held.

The Board received and considered reports relating to the management, development and finances of the organisation, including a significant and wide-ranging change management programme and to review the strategic direction.

### **Staffing**

SEAP employed an average of 170 staff in the year, equivalent to 132 fulltime-posts.

SEAP staff have a wide range of skills and experiences which they bring to their work. All advocacy staff have achieved or are undertaking the Qualification in Independent Advocacy as part of a progression framework introduced to align staff remuneration with career development.

The last year has seen the employment of two key staff, Marie Casey the Chief Executive Officer and John Sole, the Head of Business Development.

Marie has been a member of SEAP's Board since its foundation in 2000. Marie was responsible for developing the small advocacy projects on which SEAP was founded when she was the Director of Hastings Voluntary Action. Marie has extensive experience of the health and social care field as chair of a primary care trust and CEO of a carers centre.

John has been involved in the operational delivery of a range of services for individuals including alternatives to Social Services Day centre provision, Social Enterprises and Direct Payments. John previously worked for the Shaw Trust as General Manager of Community Enterprises, and previously for the RNIB in Wales, developing services for people with serious sight loss.

Jon Wheeler, our current Head of Operations acted as Chief Executive, for most of 2011 and led a change management programme for the organisation which saw a reorganisation into geographically based teams and closure of some offices as we moved towards more home working. This introduced a new management structure including three Area Managers who make up the senior operational team headed up by the Head of Operations.

### **Qualification in Independent Advocacy**

SEAP continued to deliver training for the City & Guilds accredited Qualification in Independent Advocacy (QIA). This work has been subjected to a separate business plan and risk assessment with a specific agreement on how work and costs are shared partnership. Training has been provided to SEAP staff as well as staff from other advocacy organisations with a total of 412 participants on the 39 courses that were run. SEAP is currently reviewing the way it delivers this training.

## **Risk Management**

The major risks to which the charity is exposed, as identified by the Board and the Risk Sub Committee have been reviewed on an ongoing basis, and systems have been established to mitigate against those risks. Throughout the year, the Board has continued to consider a number of risks relating to the organisational management of the charity.

The Board has a number of sub-committees, including a Risk Management Sub-Committee which enables SEAP to ensure a systematic approach to the consideration and management of risks that could prevent the organisation from achieving its strategic objectives. This Committee meets three times per year and its membership includes Trustees, the Board Treasurer, the Head of Operations, and the Finance Manager.

The risks considered by the Board have included those concerned with:

- Health & Safety
- ICT (Information and Communication Technology)
- Staff and Volunteers
- Human Resources
- Finance
- Premises and Accommodation
- Legislative requirements
- Clients
- Income Generation
- New business activity and business processes
- ICAS loss of contract
- Qualification in Independent Advocacy
- Personalisation
- Social enterprise.

The Board also has an Audit Sub-Committee in place, which meets up to three times a year. The committee considers issues relating to audit matters, business continuity, finance, and meets with the organisation's external auditor following the formal audit and prior to the annual accounts being presented to the full Board. All sub-committees have formal Terms of Reference and minutes from sub-committees are approved at each full Board meeting.

SEAP has insurance policies in place for protection, for example in the event of a person being injured at any of the organisation's premises or in the event of a claim in relation to services provided by volunteers, staff and trustees of the charity.

## **OBJECTIVES AND ACTIVITIES**

### **Aims and Objectives**

The objectives of the charity are expressed in the governing document as follows: "to relieve persons who are in need by reason of their age, youth, disability, ill-health or social or economic circumstances through the provision of effective advocacy services in the United Kingdom".

The purpose of the organisation is to ensure that the views, wishes and feelings of those using services, including but not exclusively health and social care services, are promoted to service providers; and to provide advocacy support to individuals or groups who wish to resolve specific issues, which may include complaints. It achieves this primarily in two ways:

- Advocates provide information, support and representation to clients relating to specific difficulties, concerns, or complaints
- The organisation works directly with service providers at local and national level, aiming to ensure that client experiences are at the heart of service planning, implementation and monitoring.

The organisation also provides a number of related services, including training, research, consultation, and client-group specific services such as buddy schemes, peer advocacy projects, and supporting clients to be involved in local and national groups.

### **Ensuring our work delivers our aims**

The charity reviews its aims, objectives and activities each year, as part of its strategic planning/review cycle. The organisation's business plan is refreshed each year to reflect its current areas of priority, and the organisation has operational plans in place for each of its services, which include time critical measures.

The strategic review looks at achievements and outcomes from the previous plan and the benefits they have brought to service users and commissioners of advocacy services, as well as planning future objectives and activities. Individual SEAP services work to service-specific strategic plans which are reviewed and updated each year and which feed into the organisation's overarching business plan.

SEAP works closely with local and national colleagues within government departments and statutory and third sectors to ensure that its work priorities are informed by central and local commissioning priorities, and by ongoing changes to health, social care and other core agendas.

The new political landscape and changed funding realities mean that more than ever we have to focus on outcomes and look for savings in how we operate, as well as identifying new opportunities around advocacy provision and innovative ways of working, including collaboration and other ways of cooperating with partner organisations. A new Business Plan has been agreed by the Board which focuses SEAP to operate in this new environment

### **The focus of our work**

SEAP is committed to the central advocacy principles of independence, confidentiality, best interests, and empowerment. It believes that the views, wishes and feelings of clients should be central to both its own work, and the planning and delivery of health and social care services.

SEAP staff are required to work to high standards of professionalism with both clients and service providers, building good working relationships with key stakeholders across all sectors whilst maintaining the core independence of the service.

### **Volunteers / Service Users**

Service user involvement and volunteering are central to the organisation's value base and are key planks within SEAP's strategic and operational plans. Each area is developing their own service user engagement strategy with specific targets for involving service users in their area.

Service users continue to be involved in recruitment panels and in delivering training. Sixty volunteers were involved in helping SEAP to deliver its key priorities in the last year.

### **How our activities deliver public benefit**

The Trustees consider that they have complied with their duty under the Charities Act 2011 to have regard to the public benefit guidance issued by the Charity Commission.

SEAP's activities are designed around our twin aims of supporting successful resolution of individual client issues; and ensuring the experiences, views, wishes and feelings of clients impact on, improve, and play a central role in service planning and delivery.

The work of SEAP's advocacy services support clients to safeguard their individual rights and resolve concerns, complaints and difficulties.

SEAP also aims to influence the development and implementation of national and local agendas and commissioning priorities, to ensure that improving outcomes are at the heart of health and social care reforms.

We have supported individuals to find a successful resolution to the issues, concerns and complaints they have raised. In addition, clients tell us that receiving advocacy support enables them to feel more empowered and in control of their lives, and leads them to develop self-advocacy skills which assist them in the future.

Enabling people to have a greater sense of autonomy and personal control over their lives supports a greater sense of inclusion and identity with local communities, and resolution of issues which have caused them concern provides a sense of closure and ability to move on for many.

SEAP works closely with service providers to ensure that the views, wishes and feelings of service users form an integral part of decision-making processes, and that their views and experiences impact on service design and delivery at a local level.

SEAP also provides training for volunteers who have used our services to act as peer advocates, which enables growth in self confidence, autonomy, and a reduced reliance on services. People who have undertaken peer advocacy or other forms of training with SEAP have gone on to return to paid employment, and the organisation itself employs a number of current or ex-service users.

### **Who used and benefited from our services**

SEAP works with people who use, or wish to use, services including

- Adults with mental health issues
- Children & young people
- Adults with learning disabilities
- Those wishing to make complaints about NHS healthcare
- Gypsy and Traveller Communities
- BME Communities
- Older People
- People with physical disabilities and/or sensory impairments
- People requiring Appropriate Adult support
- People with dementia-type conditions, acquired brain injury and those considered to lack capacity
- Carers

SEAP provides a range of current statutory advocacy provision including

- Independent Complaints Advocacy Service (ICAS)
- Independent Mental Capacity Advocacy (IMCA)
- Independent Mental Health Advocacy (IMHA)
- Deprivation of Liberty Safeguards (DOLS) advocacy.

In 2011/12 SEAP worked on 15,079 client cases providing a range of advocacy provision, including statutory, non-statutory, instructed, non-instructed, one to one support and group advocacy. We aim to empower the people we work with to have more control over their lives and to engage with service providers to highlight themes, trends, gaps in service provision and practice/policy issues which then result in service improvements.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Aims and objectives for 2011/12: What did we focus on? How did we do?**

In 2011 SEAP implemented a substantial change management process, with the aim of ensuring a flexible and robust service delivery model, based on multi-disciplinary teams serving distinct geographical areas to reflect changes in the commissioning of advocacy services and reductions in funding available. This particularly focused on ways of working, staff remuneration and the number of offices with the aim of reducing operating costs by at least 10%.

These changes were carried out after an extensive staff consultation exercise around the new ways of working and levels of remuneration resulting in some modification to the original plans but with significant cost savings and a more streamlined management structure. The end result of this exercise was the closure of four offices in 2011 and as we reduced operational costs and moved to integrated staff teams responsible for specific geographic areas.

In the current economic climate this process will be ongoing as we continue to review costs to ensure we can meet the demands put upon us by service users and commissioners, and particularly to be able to provide quality services with reduced levels of funding.

SEAP has an active business development team who continue to identify new business opportunities and was successful with in gaining new contracts in Berkshire and East Sussex as well as gaining extensions to contracts in other areas, including Kent, Cornwall and Portsmouth. We also won an exciting contract to provide advocacy for Broadmoor Hospital.

We recruited to a new Head of Business Development to spearhead our development activity by identifying new advocacy and advocacy-related business opportunities, securing new and existing contracts and supporting the development of partnerships and sub-contracting arrangements relating to business development. Our main ICAS contract ends in March 2013 and much of the development work has focused on exploring new areas of work and developing our model going forward for health related advocacy services.

SEAP has been successful in securing a number of quality assurance marks gaining the EFQM Committed to Excellence award for the whole of the organisation and the EFQM recognition of Excellence for ICAS. In addition we hold the Action 4 Advocacy Quality Performance Mark, a specific quality mark for Advocacy providers.

Significant resources have been spent on revising our internal training programme and continuing to support staff to achieve the accredited qualification in advocacy. As well as generating significant external income, the aim is for all SEAP advocates to have or be working towards the qualification. During the year we introduced a new progression framework for advocates that linked increased pay with gaining the qualification.

### **Plans for the future**

Against the background of reduced funding generally and the ending of our main contract with the Department of Health as funding is transferred to local authorities, it is vital we continue to review how we deliver services to ensure we can provide value for money, as well as increasing our emphasis on outputs and outcomes, so that we continue to provide quality services.

Considerable work has been undertaken over the past year to drive organisational change and business development, and for the current year specific aims are:

- (a). To support staff teams to achieve sustainable and regular service user, volunteer and community engagement.
- (b) To ensure the commercial viability and business development of SEAP particularly by prioritising the retention of existing contracts and targeting advocacy and advocacy related activity in our existing geographical areas.
- (c) To improve quality across SEAP by providing a comprehensive training programme for staff and volunteers and fully implementing an organisational wide quality improvement plan.

(d) To ensure SEAP meaningfully engages its staff through its staff consultation committee, changes in management structures, and improved communication and information sharing.

(e) To ensure SEAP continues to be financially sound, demonstrating resource, environmental and operational efficiency, particularly relating to the evolution of service models to support our viability under reduced cost models.

(f) To ensure SEAP demonstrates good governance including championing equality and diversity in how it operates, ensuring that its Board and staff follow best practice.

## **FINANCIAL REVIEW**

Overall SEAP increased its reserves slightly with increases in free and restricted reserves offset by transfers from designated reserves to fund specific project work.

SEAP was able to maintain its income during the year, with income for from grants and contracts of £5,072,939 (2011 - £5,097,468) with the acquisition of new contracts offsetting reductions in income on some existing services

Total costs of £5,046,208 (2011 - £5,471,093) incurred during the year reduced by 8% due to savings from the closure of four offices in 2011 and reduced staff costs with the ending of specific projects.

Cash balances deteriorated by 6% to £1,389,948 (2011 - £1,483,361) at the year end particularly due to a less favourable balance between creditors and debtors.

Debtors and prepayments of £197,586 (2011 - £102,632) increased from a very low level, with increased trade debtors of £50,367 (2011 - £20,297) and an outstanding insurance claim for £29,208 (2011 - £9,780). However creditors and accruals of £282,943 (2011 - £320,775) reduced during the year.

SEAP has made a strategic decision to fund discrete investment in business development, and other projects relating to specific aspects of its work using designated reserves which were built up to enable the organisation to fund this activity.

SEAP recognises that its sector now faces a substantial reduction in overall funding from government and whilst changes in legislation may create further opportunities the overall picture will be of retrenchment, doing more for less. Internally we have been reviewing how we provide services and with the aim of making savings from both staff and non-staff costs and this process will continue into 2012.

### **Principal funding sources**

The charity is primarily funded by contracts with public authorities, with 69% of income coming from a contract with the Department of Health, 14% from primary care trusts and 14% from local government. However the charity also works with a number of private and charitable bodies, and also received training income of £130,585 (2011 - £168,042).

### **Reserves Policy**

The Board have examined the charity's requirement for reserves in the light of the main risks facing the organisation, such as to prevent serious disruption to its charitable work in the event of delays in receiving grants, to meet contingencies that cannot be met out of current income, and to finance future activities before funding is received.

At the end of the year the balance of the charity's free reserves was £756,084 (2011 - £717,116) an increase for the year of £38,968.

The level of free reserves is equivalent to less than two months operating expenditure and it is the opinion of the trustees that the charity should aim for three months operating expenditure to provide for any possible disruption in funding. The trustees therefore have taken the relatively low level of free reserves into account in their assessment of the risks facing the organisation.

SEAP holds designated funds of £468,131 (2011 - £607,315) which have been allocated by the Board for specific purposes such work around business development. Additionally designated reserves are held equivalent to the level of net fixed assets thus representing the capital investment SEAP has made in computers and other furniture and equipment.

Restricted reserves of £237,002 (2011 - £95,770) are held, where the purpose of the funding was for a specific purpose or objective, during the year these were drawn upon to fund specific projects in line with their original purpose.

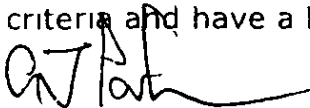
### **Investment policy**

SEAP holds any cash in excess of working capital requirements on deposit with the major banks. The amount of interest earned during the year was £10,180 (2011 - £15,494). This equates to a return of 0.71% based upon the average of the opening and closing bank balances (2011 0.97%).

SEAP has an ethical investment policy which details human rights and environmental criteria with which potential investment institutions are assessed.

Taking into account the relatively low level of reserves, and the amount of designated reserves which are ear-marked for expenditure in the next year, the charity has a policy of investing for the short term only. Therefore its objectives are to maintain high liquidity, ensure maximum security and achieve the highest possible return in line with its ethical standards.

To meet these objectives SEAP invests in fixed-term or call accounts with institutions that are considered to comply with SEAP's ethical criteria and have a high security rating.



Graham Parker

28<sup>th</sup> September 2012

## **Independent auditor's report to the members of SEAP**

We have audited the financial statements of SEAP for the year ended 31 March 2012 which comprise a Statement of Financial Activities, Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Responsibilities of the Board set out on page 3, the trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2012 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.

## **Independent auditors' report to the members of SEAP (continued)**

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

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.

*N J Wakefield*

### **Nicola Wakefield (Senior Statutory Auditor)**

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

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

Date: 15 October 2012

# Statement of Financial Activities (Incorporating an Income & Expenditure Account)

For the Year Ended 31 March 2012

|                                                       | Notes | Unrestricted funds<br>£ | Restricted funds<br>£ | 2012<br>Total funds<br>£ | 2011<br>Total funds<br>£ |
|-------------------------------------------------------|-------|-------------------------|-----------------------|--------------------------|--------------------------|
| <b>Incoming resources</b>                             |       |                         |                       |                          |                          |
| <b>Incoming resources from generated funds:</b>       |       |                         |                       |                          |                          |
| Donations                                             |       | 255                     | 3,850                 | 4,105                    | 3,392                    |
| <b>Investment income</b>                              |       | 10,180                  |                       | <b>10,180</b>            | 15,494                   |
| <b>Incoming resources from charitable activities:</b> |       |                         |                       |                          |                          |
| Charitable activities                                 |       |                         |                       |                          |                          |
| Grants and contracts                                  | 3     | 1,446,476               | 3,626,463             | 5,072,939                | 5,097,468                |
| <b>Total incoming resources</b>                       |       | <u>1,456,911</u>        | <u>3,630,313</u>      | <u><b>5,087,224</b></u>  | <u>5,116,354</u>         |
| <b>Resources expended</b>                             |       |                         |                       |                          |                          |
| Charitable activities                                 | 4     | 1,547,343               | 3,432,593             | 4,979,936                | 5,393,430                |
| Governance costs                                      | 4     | 9,784                   | 56,488                | 66,272                   | 77,663                   |
| <b>Total resources expended</b>                       |       | <u>1,557,127</u>        | <u>3,489,081</u>      | <u><b>5,046,208</b></u>  | <u>5,471,093</u>         |
| <b>Net movement in funds</b>                          |       | <u>(100,216)</u>        | <u>141,232</u>        | <u><b>41,016</b></u>     | <u>(354,739)</u>         |
| <b>Funds at 1 April 2011</b>                          |       | <u>1,324,431</u>        | <u>95,770</u>         | <u><b>1,420,201</b></u>  | <u>1,774,940</u>         |
| <b>Funds at 31 March 2012</b>                         |       | <u>1,224,215</u>        | <u>237,002</u>        | <u><b>1,461,217</b></u>  | <u>1,420,201</u>         |

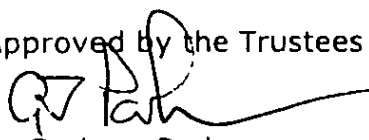
All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 12 to the financial statements.

## Balance Sheet

As at 31 March 2012

|                                                       | Notes | £                | 2012<br>£        | 2011<br>£        |
|-------------------------------------------------------|-------|------------------|------------------|------------------|
| <b>Fixed Assets</b>                                   |       |                  |                  |                  |
| Tangible Assets                                       | 8     |                  | <u>156,626</u>   | 154,983          |
|                                                       |       |                  | <u>156,626</u>   | <u>154,983</u>   |
| <b>Current Assets</b>                                 |       |                  |                  |                  |
| Debtors and Prepayments                               | 9     | 197,586          |                  | 102,632          |
| Cash at Bank and in Hand                              |       | <u>1,389,948</u> |                  | <u>1,483,361</u> |
|                                                       |       |                  | <u>1,587,534</u> | <u>1,585,993</u> |
| <b>Creditors: Amounts Falling Due Within One Year</b> | 10    | <u>(282,943)</u> |                  | <u>(320,775)</u> |
| <b>Net Current Assets</b>                             |       |                  | <u>1,304,591</u> | <u>1,265,218</u> |
| <b>Net Assets</b>                                     |       |                  | <u>1,461,217</u> | <u>1,420,201</u> |
| <b>Funds</b>                                          |       |                  |                  |                  |
| Restricted Funds                                      | 11    |                  | <u>237,002</u>   | 95,770           |
| Unrestricted Funds                                    | 11    |                  |                  |                  |
| Designated Funds                                      |       | 468,132          |                  | 607,315          |
| General Funds                                         |       | <u>756,083</u>   |                  | <u>717,116</u>   |
| Total Unrestricted Funds                              |       |                  | <u>1,224,215</u> | <u>1,324,431</u> |
| <b>Total Funds</b>                                    |       |                  | <u>1,461,217</u> | <u>1,420,201</u> |

Approved by the Trustees and signed on their behalf by

  
 Graham Parker  
  
 Mandy Heslop

28th September 2012

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2012**

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#### **1. Accounting Policies**

##### **a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (2005) and the Companies Act 2006.

##### **b) Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

##### **c) Income**

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable.

Grants are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Investment income comprises solely of interest on cash deposits.

Income from charitable activities includes grants and contracts for the provision of services to beneficiaries as specified in contracts and service level agreements with local authorities, government bodies and other organisations. The income is recognised in the Statement of Financial Activities in the period to which the provision of service relates.

Income is deferred if any conditions for use imposed by the donor have not been met.

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2012**

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#### **d) Expenditure**

Cost of generating funds i.e. those costs incurred in attracting voluntary income are no longer considered significant and there are no costs incurred in trading activities that are purely to raise funds.

Cost of charitable activities comprise costs incurred on the defined charitable purposes of the charity and include direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken.

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves directly produce charitable outputs. These will include the cost of central services such as general management, finance and human resources.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on an estimate of the staff time attributable to each activity.

Governance costs (see Note 4) are costs associated with meeting the constitutional and statutory arrangements of the charity, including internal and external audit and the cost of preparing statutory accounts, the cost of Trustees' meetings, and other costs involved with the charity's strategic management.

#### **e) Pensions**

The charity has arranged a defined contribution scheme that is available to all members of staff. The assets of this are held separately from those of the charity in independently administered funds. The main provider of these pension funds is the Pensions Trust, but other private providers are also used. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the charity in the year.

#### **f) Cash flow**

The financial statements do not include a cash flow statement because the charity does not meet the threshold requirements under Financial Reporting Standard 1 - 'Cash Flow Statements'.

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2012**

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#### **g) Taxation**

Value added tax is not recoverable by the charity and as such is included in the relevant costs in the Statement of Financial Activities.

As a charity, SEAP is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen as a result of activities by the Charity.

#### **h) Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life. The depreciation rates in use are as follows.

|                         |                             |
|-------------------------|-----------------------------|
| Leasehold Improvements  | Over the term of the lease  |
| Furniture and Equipment | 20% per annum straight line |
| Computers               | 33% per annum straight line |

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

#### **i) Funds accounting**

General funds consist of unrestricted funds which the charity may use for purposes at its discretion.

Designated funds are unrestricted funds earmarked by the trustees for a specific purpose.

Restricted funds are those where the donor has imposed restrictions on the use of the funds.

#### **j) Services provided by volunteers**

For the purposes of these accounts no monetary value has been placed on administrative and other services provided by volunteers in the charity.

#### **j) Operating leases**

Operating leases payable are charged on a straight line basis over the term of the lease.

## Notes to the Financial Statements

### For the Year Ended 31 March 2012

#### 2. Donations and similar incoming resources

|           | Unrestricted | Restricted   | 2012<br>Total | 2011<br>Total |
|-----------|--------------|--------------|---------------|---------------|
|           | £            | £            | £             | £             |
| Donations | <u>255</u>   | <u>3,850</u> | <u>4,105</u>  | <u>3,392</u>  |

#### 3. Income from charitable activities

The income, surplus for the year and net assets are attributable to the principal activity, which is to provide advocacy services for people of all ages throughout the South of England. The charity operates in, and the whole of its income is derived from, the UK.

|                            | Unrestricted     | Restricted       | 2012<br>Total           | 2011<br>Total    |
|----------------------------|------------------|------------------|-------------------------|------------------|
|                            | £                | £                | £                       | £                |
| ICAS                       | -                | 3,493,338        | <b>3,493,338</b>        | 3,508,053        |
| Other advocacy services    |                  |                  |                         |                  |
| Local authorities          | 663,621          | 40,984           | <b>704,605</b>          | 604,701          |
| Primary Care Trusts        | 600,595          | 91,161           | <b>691,756</b>          | 765,408          |
| Other grants and contracts | 51,675           | 980              | <b>52,655</b>           | 51,264           |
| Advocacy training          | 130,585          | -                | <b>130,585</b>          | 168,042          |
| Total Incoming Resources   | <u>1,446,476</u> | <u>3,626,463</u> | <u><b>5,072,939</b></u> | <u>5,097,468</u> |

# Notes to the Financial Statements

## For the Year Ended 31 March 2012

### 4. Total Resources Expended

|                                               | Basis of allocation | ICAS             | Area Based advocacy services | Specialist advocacy | Advocacy Training | Governance    | 2012 Total       | 2011 Total       |
|-----------------------------------------------|---------------------|------------------|------------------------------|---------------------|-------------------|---------------|------------------|------------------|
|                                               |                     | £                | £                            | £                   | £                 | £             | £                | £                |
| <b>Costs directly allocated to activities</b> |                     |                  |                              |                     |                   |               |                  |                  |
| Staff Costs                                   | Direct              | 1,979,409        | 1,128,469                    | 72,345              | 22,728            | -             | 3,202,951        | 3,338,040        |
| Staff related costs                           | Direct              | 139,905          | 137,202                      | 4,640               | 25,940            | -             | 307,687          | 337,092          |
| Rent and associated service                   | Direct              | 162,073          | 66,735                       | -                   | 9,381             | -             | 238,189          | 246,349          |
| Office running costs                          | Direct              | 131,918          | 50,519                       | 620                 | 4,405             | -             | 187,462          | 224,604          |
| Professional fees and similar                 | Direct              | 37,346           | 7,324                        | 4,051               | 60,634            | -             | 109,355          | 210,326          |
| Depreciation                                  | Direct              | 19,705           | 3,364                        | -                   | -                 | -             | 23,069           | 15,133           |
|                                               |                     | <u>2,470,356</u> | <u>1,393,613</u>             | <u>81,656</u>       | <u>123,088</u>    | <u>-</u>      | <u>4,068,713</u> | <u>4,371,544</u> |
| <b>Support costs allocated to activities</b>  |                     |                  |                              |                     |                   |               |                  |                  |
| Staff Costs                                   | Staff time          | 488,246          | 119,293                      | 3,284               | 7,975             | 47,992        | 666,790          | 703,079          |
| Staff related costs                           | Staff time          | 73,028           | 17,843                       | 491                 | 1,193             | 5,391         | 97,946           | 83,172           |
| Rent and associated service                   | Staff time          | 38,051           | 9,297                        | 256                 | 622               | 2,725         | 50,951           | 84,284           |
| Office running costs                          | Staff time          | 52,222           | 12,759                       | 351                 | 853               | 3,740         | 69,925           | 45,973           |
| Professional fees and similar                 | Staff time          | 42,470           | 10,377                       | 286                 | 694               | 4,637         | 58,464           | 151,413          |
| Depreciation                                  | Staff time          | 24,958           | 6,098                        | 168                 | 408               | 1,787         | 33,419           | 31,628           |
|                                               |                     | <u>718,975</u>   | <u>175,667</u>               | <u>4,836</u>        | <u>11,745</u>     | <u>66,272</u> | <u>977,495</u>   | <u>1,099,549</u> |
| <b>Total</b>                                  |                     | <u>3,189,331</u> | <u>1,569,280</u>             | <u>86,492</u>       | <u>134,833</u>    | <u>66,272</u> | <u>5,046,208</u> | <u>5,471,093</u> |

## Notes to the Financial Statements

### For the Year Ended 31 March 2012

#### 5. Net Incoming Resources for the Year

This is stated after charging

|                                     | 2012<br>£      | 2011<br>£      |
|-------------------------------------|----------------|----------------|
| Depreciation Provision for the year | 56,488         | 46,761         |
| Auditors' Remuneration. Audit       | 6,000          | 6,000          |
| Operating Lease Rentals. Property   | <u>135,328</u> | <u>167,259</u> |

#### 6. Trustee Remuneration & Related Party Transactions

No trustees received any remuneration from the company in their capacity as trustees. Reimbursement of travel and training costs amounting to £791 (2011 - £2,736) were reimbursed to 3 (2011 - 6 trustees)

No trustees received payments in any other capacity (2011 -one trustee received £33,139 for consultancy services)

#### 7. Staff Costs and Numbers

|                                | 2012<br>£        | 2011<br>£        |
|--------------------------------|------------------|------------------|
| Staff costs were as follows    |                  |                  |
| Wages and Salaries             | 3,428,149        | 3,585,491        |
| Agency fees                    | 38,202           | 26,567           |
| Benefits in Kind               | 11,697           | 1,413            |
| Social Security Costs          | 308,136          | 337,037          |
| Employer Pension Contributions | <u>83,557</u>    | <u>90,611</u>    |
|                                | <u>3,869,741</u> | <u>4,041,119</u> |

One employee's remuneration was in the band £60,000 - £70,000 during the year (2011 - one) with the remainder earning below £60,000.

The charity pays employer contributions to 83 (2011 - 93) staff who are members of a defined contribution pension scheme (see note 14).

The average weekly number of employees (full-time equivalent) during the year was as follows:

|                               | 2012<br>No. | 2011<br>No |
|-------------------------------|-------------|------------|
| Advocacy Services             | 111         | 110        |
| Management and Administration | <u>21</u>   | <u>20</u>  |
| Total                         | <u>132</u>  | <u>130</u> |

## Notes to the Financial Statements

### For the Year Ended 31 March 2012

#### 8. Tangible Fixed Assets

|                         | Leasehold<br>property<br>£ | Computer<br>equipment<br>£ | Office<br>equipment<br>£ | Total<br>£            |
|-------------------------|----------------------------|----------------------------|--------------------------|-----------------------|
| <b>COST</b>             |                            |                            |                          |                       |
| At 1 April 2011         | 111,359                    | 71,153                     | 163,223                  | <b>345,735</b>        |
| Additions in Year       | -                          | 21,904                     | 36,227                   | <b>58,131</b>         |
| Disposals in Year       | -                          | (1,622)                    | (19,564)                 | <b>(21,186)</b>       |
| At 31 March 2012        | <u>111,359</u>             | <u>91,435</u>              | <u>179,886</u>           | <u><b>382,680</b></u> |
| <b>DEPRECIATION</b>     |                            |                            |                          |                       |
| At 1 April 2011         | 21,649                     | 60,781                     | 108,322                  | <b>190,752</b>        |
| Charge for the Year     | 11,136                     | 15,920                     | 29,432                   | <b>56,488</b>         |
| Disposals in Year       | -                          | (1,622)                    | (19,564)                 | <b>(21,186)</b>       |
| At 31 March 2012        | <u>32,785</u>              | <u>75,079</u>              | <u>118,190</u>           | <u><b>226,054</b></u> |
| <b>NET BOOK VALUE</b>   |                            |                            |                          |                       |
| <b>At 31 March 2012</b> | <u><b>78,574</b></u>       | <u><b>16,356</b></u>       | <u><b>61,696</b></u>     | <u><b>156,626</b></u> |
| At 1 April 2011         | <u>89,710</u>              | <u>10,372</u>              | <u>54,901</u>            | <u>154,983</u>        |

All tangible fixed assets are used for the furtherance of the charity's charitable objectives

#### 9. Debtors and Prepayments

|                 | 2012<br>£             | 2011<br>£      |
|-----------------|-----------------------|----------------|
| Debtors         | <b>50,367</b>         | 20,297         |
| Insurance claim | <b>29,208</b>         | 9,780          |
| Prepayments     | <b>60,461</b>         | 39,174         |
| Accrued income  | <b>57,550</b>         | 33,381         |
|                 | <u><b>197,586</b></u> | <u>102,632</u> |

#### 10. Creditors : Amounts Falling Due Within One Year

|                              | 2012<br>£             | 2011<br>£      |
|------------------------------|-----------------------|----------------|
| Taxation and Social Security | <b>95,026</b>         | 101,488        |
| Creditors                    | <b>46,215</b>         | 55,246         |
| Accruals                     | <b>113,564</b>        | 110,440        |
| Deferred income              | <b>28,138</b>         | 53,601         |
|                              | <u><b>282,943</b></u> | <u>320,775</u> |

## Notes to the Financial Statements

### For the Year Ended 31 March 2012

#### 11. Analysis of Net Assets Between Funds

|                                         | Tangible<br>Fixed Assets<br>£ | Net Current<br>Assets<br>£ | At 31 March<br>2012<br>£ |
|-----------------------------------------|-------------------------------|----------------------------|--------------------------|
| <b>Restricted funds</b>                 |                               |                            |                          |
| Xpress                                  | -                             | 736                        | <b>736</b>               |
| Mental Health                           | -                             | 16,230                     | <b>16,230</b>            |
| Independent Complaints Advocacy Service | -                             | 216,109                    | <b>216,109</b>           |
| Cornwall PCT                            | -                             | 3,927                      | <b>3,927</b>             |
| <b>Total Restricted Funds</b>           | -                             | <b>237,002</b>             | <b>237,002</b>           |
| <b>Unrestricted Funds:</b>              |                               |                            |                          |
| Designated Funds                        | -                             | 468,132                    | <b>468,132</b>           |
| General Funds                           | 156,626                       | 599,457                    | <b>756,083</b>           |
| <b>Total Unrestricted Funds</b>         | <b>156,626</b>                | <b>1,067,589</b>           | <b>1,224,215</b>         |
| <b>Total Funds</b>                      | <b>156,626</b>                | <b>1,304,591</b>           | <b>1,461,217</b>         |

#### 12. Movements in Funds

|                                             | At 1 April<br>2011<br>£ | Incoming<br>Resources<br>£ | Resources<br>Expended<br>£ | Transfers<br>£ | At 31 March<br>2012<br>£ |
|---------------------------------------------|-------------------------|----------------------------|----------------------------|----------------|--------------------------|
| <b>Restricted Funds:</b>                    |                         |                            |                            |                |                          |
| Xpress (a)                                  | 5,586                   | 26,998                     | (31,848)                   | -              | <b>736</b>               |
| Mental Health (b)                           | 33,727                  | 109,527                    | (127,024)                  | -              | <b>16,230</b>            |
| Independent Complaints Advocacy Service (c) | 26,225                  | 3,493,788                  | (3,303,904)                | -              | <b>216,109</b>           |
| Cornwall (d)                                | 30,232                  | -                          | (26,305)                   | -              | <b>3,927</b>             |
| <b>Total Restricted Funds</b>               | <b>95,770</b>           | <b>3,630,313</b>           | <b>(3,489,081)</b>         | -              | <b>237,002</b>           |
| <b>Unrestricted Funds:</b>                  |                         |                            |                            |                |                          |
| <b>Designated Funds</b>                     |                         |                            |                            |                |                          |
| Fixed assets (e)                            | 154,982                 | -                          | -                          | 1,644          | <b>156,626</b>           |
| Special Projects                            | 85,603                  | -                          | (42,565)                   | -              | <b>43,038</b>            |
| Office Restructuring                        | 98,622                  | -                          | -                          | -              | <b>98,622</b>            |
| Strategic Development                       | 268,108                 | -                          | (98,262)                   | -              | <b>169,846</b>           |
| <b>Total Designated Funds</b>               | <b>607,315</b>          | -                          | <b>(140,827)</b>           | <b>1,644</b>   | <b>468,132</b>           |
| <b>General Fund</b>                         | <b>717,116</b>          | <b>1,456,911</b>           | <b>(1,416,300)</b>         | <b>(1,644)</b> | <b>756,083</b>           |
| <b>Total Unrestricted Funds</b>             | <b>1,324,431</b>        | <b>1,456,911</b>           | <b>(1,557,127)</b>         | -              | <b>1,224,215</b>         |
| <b>Total Funds</b>                          | <b>1,420,201</b>        | <b>5,087,224</b>           | <b>(5,046,208)</b>         | -              | <b>1,461,217</b>         |

## Notes to the Financial Statements

### For the Year Ended 31 March 2012

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#### Purposes of Funds

- (a) Xpress Advocacy Service relates to income received for work with children and young people.
- (b) The Mental Health Advocacy Service relates to income received for services for working age adults
- (c) The Independent Complaints Advocacy Service relates to income received under a Department of Health contract to provide free and independent advocacy support for complaints about NHS services in the South East and South West of England.
- (d) Cornwall Advocacy Service relates to a specific grants received to provide advocacy services in this area.
- (e) Designated funds have been allocated by the trustees for specific purposes and have been reviewed in line with the strategic priorities of the organisation.

Fixed Assets - represents the net value of fixed assets i.e. non cash resources that are recorded in the balance sheet and unavailable for reallocation.

Special projects - represents one off sums to provide for specific pieces of work or capital items.

Office restructuring represents the cost of relocating premises and associated costs.

Strategic development - represents the cost of providing specialist resources to promote the development of SEAP

### 13. Operating Lease Commitment

|                                                                  | 2012<br>£ | 2011<br>£ |
|------------------------------------------------------------------|-----------|-----------|
| Leases of land and buildings expiring under one year             | 70,671    | 80,602    |
| Leases of land and buildings expiring between one and five years | 64,657    | 86,657    |

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2012**

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#### **14. Pension obligations**

SEAP participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. 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 Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

SEAP paid contributions at the rate of between 3-5% during the accounting period. Members paid contributions at the rate of between 0-5% during the accounting period.

## Notes to the Financial Statements

### For the Year Ended 31 March 2012

As at the balance sheet date there were 75 active members of the Plan employed by SEAP. SEAP continues to offer membership of the Plan to its employees.

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

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

|                                 | % p.a. |
|---------------------------------|--------|
| Rate of return pre retirement   | 7.6    |
| Rate of return post retirement: |        |
| Active/Deferred                 | 5.1    |
| Pensioners                      | 5.6    |
| Bonuses on accrued benefits     | 0.0    |
| Rate of price inflation         | 3.2    |

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2012**

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

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

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

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

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers).

The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2012**

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SEAP has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2011. As of this date the estimated employer debt for SEAP was £118,289.

SEAP also paid contributions of up to 5% of the employee's salary to 8 employee's personal defined contribution pension plans for which there is no ongoing liability.