

Company no. 07314865
Charity no. 1138585

Disability Rights UK
Report and Financial Statements
31 March 2013

sayer vincent

auditors and advisors

Disability Rights UK

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For the year ended 31 March 2013

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Disability Rights UK

Reference and administrative details

For the year ended 31 March 2013

Status The organisation is a charitable company limited by guarantee, incorporated on 14 July 2010 in the name of The Disability Rights Partnership. The organisation changed its name to Disability Rights UK on 28 October 2011. Disability Rights UK registered as a charity on 26 October 2010.

Company number 07314865

Charity number 1138585

Registered office and operational address Unit 12
City Forum
250 City Road
LONDON
EC1V 8AF

Trustees The trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Kate Nash	Chair (resigned 31 October 2012)
Phil Friend	Vice Chair (became Chair 31 October 2012)
Mike Smith	Treasurer (Vice Chair from 31 October 2012)
Michael Bromwich	Treasurer (appointed 31 October 2012)
Anne Beales	
Roger Berry	
Jane Cordell	
Lorraine Gradwell	(resigned 24 June 2013)
Asif Hussain	
Ian Loynes	
Carolyn McLaughlin	(appointed 25 July 2012)
Geoff Adams-Spink	(appointed 25 July 2012)
Saghir Alam	(appointed 25 July 2012)

Principal bankers Unity Trust Bank
Nine Brindleyplace
Birmingham B1 2HB

Auditors Sayer Vincent
Chartered accountants and statutory auditors
8 Angel Gate
City Road
London EC1V 2SJ

Disability Rights UK

Report of the trustees

For the year ended 31 March 2013

The trustees present their report and the audited financial statements for the year ended 31 March 2013.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with the current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005).

The Story so Far

We are disabled people leading change

Disability Rights UK is the largest UK organisation led by people with all types of impairment or health condition. We were born in 2012 from a 3-way merger. We are:

- Led by people with lived experience of disability. 92% of our Trustees are disabled people (and it will never fall below 75%, in line with our constitution)
- Committed to working with and for people with all types of impairment and health conditions: our Trustees and senior staff include people with mental health issues, physical health conditions, hearing impairments, visual impairments, learning difficulties, mobility impairments and more
- A member-led charity, with disabled people and organisations led by disabled people having the controlling vote

In our first full year (April 2012-March 2013) we

Reached over a million people with information developed by and for disabled people

- Launched a new website at www.disabilityrightsuk.org with 674,000 unique visitors in year one
- Had over a million factsheets downloaded, on benefits, education, independent living – with 93% of people saying the factsheets met the purposes they wanted them for (to learn about a new benefit, to advise a client etc)
- Served over 7,000 disabled people directly through our Helplines on independent living, education and work
- Distributed products, from Radar keys to new guides on Personal Independence Payment, with 89% rating our products as very good or excellent.

'I just wanted to let you know that we have won our Disability Discrimination case against my daughter's college..... the case was settled out of court. We feel really thrilled. Our solicitor told me that this case has now set a precedent for other students, which is most gratifying. Thank you to the person I spoke to on the helpline & who sent me very helpful information'.

Enabled thousands of disabled people to have a voice

- Engaged over 5,000 disabled people in our campaigns, through regional events across the country, conferences and surveys

Disability Rights UK

Report of the trustees

For the year ended 31 March 2013

Worked with local Disabled People's Organisations to show the power of projects led by disabled people

- Launched guidance for DPOs acting as 'third party hate crime reporting centres'. Evidence from Blackpool shows reports of crimes go up significantly when you can report safely to another disabled person. Our guidance is spreading good practice nationally
- Led work showing the resilience and skills we as disabled people bring to the workplace – through our Radiate network of disabled people succeeding in their careers, and guidance written by and for disabled people. This work was selected as one of only 40 innovative practices internationally on disability and employment, by the Zero Project
- Started a project to remove barriers for disabled people to apprenticeships
- Developed good DPO practice materials in supporting people to use personal budgets to manage their own support and live independent lives

Influenced policy on the basis of lived experience and good practice led by disabled people

- Influenced government to make significant improvements to Access to Work: extending it to work experience and traineeships, promoting it (so numbers are now beginning to rise), ending the 'standard list' of what would not be funded, stopping cost sharing with small employers
- Pushed portable social care to the top of the government's agenda
- Influenced government to put important safeguards on Personal Independence Payment into regulations (on the need to demonstrate not just that you cannot walk a certain distance – but that you cannot do so repeatedly, reliably, in a timely manner)
- Launched a well-received e-learning tool on disability equality in the Houses of Parliament
- Provided the Secretariat to the increasingly influential All-party Parliamentary Disability Group, which brings disabled people's voices into Parliament

'With Disability Rights UK's continued high calibre servicing of the All-Party Group (APPDG), it has become the largest and most effective all-party group in Parliament. With DR UK and Marije's vision over the past three years we have been able to develop the APPDG significantly, encouraging other impairment and long-term conditions Groups to coalesce on disability policy matters which affect all their members regardless of disability. This has not only gained the attention of senior ministers but also raised the profile of disability rights in Parliament and therefore the ballot box! Without DR UK's continued dedication to Parliamentary lobbying on behalf of disabled people in Britain, our legislation would no doubt be weaker'. (Baroness Jane Campbell)

We have streamlined the organisation and are working not as three merged organisations but as one team of 24 people, with energy and commitment focused on achieving disabled people's rights. In a tough economic environment we have a balanced budget and a plan to build reserves. In 2012-13 we broke even and we project a surplus in 2013-2014.

Disability Rights UK

Report of the trustees

For the year ended 31 March 2013

Our plans and priorities for 2013-2015

Disability Rights UK's top two priorities for 2013-2015 are:

Independent living: getting a life

- We want to see more disabled people exercising choice and control over our support and our lives, to realise the human right to participate fully in society
- Our top campaign will be for independent living in practice
- We will reach thousands with new interactive resources and video stories to support using personal budgets and benefits to get a life – to participate in everything from sport to family and community

Career opportunities: getting work, education and skills

- We want greater equality at work - a reduced gap between disabled and non-disabled people's employment and pay
- Our top campaign will be led by young disabled people, demanding better career opportunities
- We will support thousands through new interactive resources – on getting Apprenticeships, self employment, jobs and benefits

These will be underpinned by 2 organisational priorities:

Building voice and reach: active, engaged members

- We aim to increase individual members from 500 to 2,000 by March 2015; and organisational members from 300 to 500. We will work for active member engagement in our work and campaigns

Creating a recognised and respected organisation

- We aim to be recognised as an authentic, authoritative organisation – the go-to organisation led by disabled people on our priorities of getting a life and career opportunities.

This will be funded through the following programmes:

Independent living: getting a life

We are seeking resources to:

- Expand access to our independent living advice, interactive guides and factsheets. This year we will serve 650 people through our independent living Helpline. Next year we seek, through fundraising, to serve at least 10,000 by developing and marketing on-line video clips (of people's stories on how they have been able to use personal budgets), on-line guides (covering issues like how to manage a direct payment, what personal budgets can be spent on, how to employ a PA), questions and answers, factsheets – in addition to the Helpline. All resources will be developed and delivered by and for disabled people. Our Helpline, currently unfunded, is staffed by a woman who herself is a personal budget user

Disability Rights UK

Report of the trustees

For the year ended 31 March 2013

- Scale up our work with local Disabled People's Organisations on independent living: supporting disabled people's leadership at local level, and innovative use of personal budgets, including for sport and fitness
- Campaign for a independent living in practice – research and a campaign for policy to bring a right to independent living into practice. This would involve building a strong partnership of commitment across the statutory, business and non profit sector. We will also work to track PIP and its impact; and to influence the Care and Support Bill, contributing to the Care and Support Alliance, Think Local Act Personal and Disability Benefits Consortium (as partners in all).

Career opportunities: getting work, education and skills

We are seeking resources to:

- Expand access to our careers interactive guides and factsheets – reaching at least 10,000 disabled people through on-line video clips and interactive resources on apprenticeships, good work experience, higher education, further education, career planning and more
- Develop a 'leadership academy' offering career development programmes run by and for disabled people
- Run a young disabled people's jobs campaign. At 16 young disabled people and non-disabled people have the same aspirations. By 26 many young disabled people feel hopeless and at 24 are twice as likely to not be in education, employment or training. Our campaign will work to turn that situation around, through engaging large numbers of young disabled people and influencing both employers and government. Further information on the campaign will be available in the Autumn

New debates on disability policy

We are seeking resources to:

- Publish a series of disability policy think pieces, on our priority areas
- With partners, undertake solution-focused research
- Host a series of round-tables to build engagement and support for new agendas

With thanks to our Funders

We would like thank our funders and supporters for their funding and kind donations through the year and for their continuing support in 2013 including:

The Henry Smith Charity
Headley Trust
Esmee Fairbairn
City Bridge Trust
John Ellerman
Motability
Trust for London
Trinity College
Lord Borwick
Lloyds Banking Group

Disability Rights UK

Report of the trustees

For the year ended 31 March 2013

GD Herbert Charitable Trust
Advance
Habinteg
Enham
Elizabeth and Prince Zaiger Trust
Microlink
PF Charitable Trust
VISA
Barclays
Leathersellers
Department of Health
Department for Business, Innovation and Skills
Office for Disability Issues

A special thanks also to all our members and supporters who enable us to delivery our priorities and strengthen our voice.

Financial summary

2012/13 saw the first full year of the new charity. Following a significant loss in 2011/12, due to high merger costs and a challenging economic climate, the organisation restructured and refocused its priorities. The senior management team was cut from six to three and other jobs were merged. A detailed review of the running costs was undertaken to ensure efficient administration of the charity.

This year we achieved a small surplus of £6.5k. A main source of income is generated from producing information to disabled people, third party organisations and corporates. This is through helplines, training, publications and consultancy. We have government grants to run specific projects, the two main ones being Strategic Partners, funded by the Department of Health and a grant from the Department for Business, Innovation and Skills focussing on disabled students.

From 2013/14 most of the work carried out in the trading arm (Radar Promotions Limited - known as Disability Rights Enterprises) will be processed in the charity. This decision was made as all the business in the trading arm delivers our charitable objectives. The divide between charity and the trading arm came about due to the merger of three separate charities causing an irrelevant division of duties. The trading arm will continue to trade for corporate sponsorship deals and other such commercial transactions. This income will allow the trading arm to repay the charity its outstanding debt.

In the group we have a small unrestricted reserve of around £25k. The trustees have plans in place to grow this over the next two years in order to cover three months operating costs.

For 2013/14 we have a target surplus of £182k and £386k in 2014/15. To produce our working budget we apply sensitivity to these targets and are budgeting a surplus of around £28k for 2013/14. We have a strategy to rebalance our income from restricted to unrestricted.

We have a defined benefit pension scheme which was transferred from one of the legacy charities, Radar. It currently has a deficit valuation of £1,428k with the next triennial valuation due this year, 2013. A repayment plan is in place for the current deficit and we have had initial discussions with the pension fund trustees for negotiating a revised payment plan once we have the new valuation.

Disability Rights UK

Report of the trustees

For the year ended 31 March 2013

We also have a Pension Trust scheme for staff of another of the legacy charities, Disability Alliance. A change in the law means that this plan will change from a defined contribution to a defined benefit scheme. It is expected that the government will confirm the change in 2014 at which time we will have to start repaying a small deficit.

Statement of Public Benefit

Our strategic plan is developed to ensure we provide public benefit and achieve our objectives as set out in our governing document. Disability Rights UK Board of Trustees regularly monitors and reviews the success of the organisation in delivering its objectives which are:

- (1) to promote disabled people's independent living and their social inclusion by preventing them from being socially excluded or by assisting them to participate as equal citizens in society;
- (2) to promote the equality and diversity of disabled people and their access to appropriate support; and
- (3) to prevent or relieve the poverty or financial hardship of disabled people, and to meet their needs.

Our top priorities for 2013-2015 in meeting these objectives are: Independent Living: getting a life and career Opportunities: getting work, education and skills. These will be underpinned by two organisational priorities of building voice and reach through active engagement of members and creating a recognised and respected brand.

The Trustees confirm, in the light of the guidance contained in the Charity Commission's general guidance on public benefit, that these aims fully meet the public benefit test and that all the activities of the charity, described in the report of the Trustees, are undertaken in pursuit of these aims.

Reserves Policy

Due to the merger costs of bringing three organisations together in the 2011/12 year the charity have very low reserves. Our plan is to build unrestricted reserves of three months' budgeted operations costs equivalent to around £200k. It is expected that it will take until 2015 to build our reserves to this level. The Trustees continue to monitor this policy and recognise the importance of having to have such unrestricted funds available.

Risk Management and Internal Controls

The Trustees have overall responsibility for ensuring that the organisation operates an appropriate system of controls, financial and otherwise, to provide reasonable assurance that:

- the charity is operating efficiently and effectively
- proper records are maintained and financial information, used within the charity or for publication, is reliable
- the charity complies with relevant laws and regulations.

Disability Rights UK

Report of the trustees

For the year ended 31 March 2013

The Finance, Risk and Resources Committee is responsible for monitoring the effectiveness of the internal controls and reports to the Board the results of such monitoring. This is achieved through:

- regular review of the risk register to identify and manage risks
- review of operational policies and procedures to ensure appropriate financial controls are in place
- a business plan, annual budget and cash flow forecast
- regular consideration by the Trustees of actual results compared with budgets and forecasts
- segregation of duties
- a regular review of financial procedures.

Trustees, Organisational Structure and Governance

The board consists of 12 trustees. Disability Rights UK board is made up of at least 75% of disabled people. The board manages the business of the charity and exercises all the powers of Disability Rights UK. It seeks to ensure the charity is compliant with charity and company law and works with its charitable objectives.

A governance review has recently been undertaken and a new structure has been approved which will be effective from September 2013. This will consist of three committees accountable to the main board. The committees are:

- Financial Performance
- People
- Income Generation.

New trustees are appointed through a fair and open process ensuring, as far as possible, representation from a cross section of disability and skills.

The trustees delegate the day-to-day running of the organisation to the Senior Management Team which is made up of the Chief Executive Officer, the Finance and Resources Director and the Director of Policy and Development.

Related Party transactions

Disability Rights UK does not pay its trustees for work carried out on behalf of the charity. This year the charity honoured an agreement made by Radar, one of the legacy charities, to allow their Chair, Phil Friend, who is also the Chair of Disability Rights UK to carry out some specialist consultancy work.

Statement of responsibilities of the trustees

The trustees (who are also directors of Disability Rights UK for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Disability Rights UK

Report of the trustees

For the year ended 31 March 2013

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company/group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 operation.

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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2013 was 12 (2012 - 16). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the group or the charity.

Auditors

Sayer Vincent were appointed as the group and charity's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 2 October 2013 and signed on its behalf by

Michael Bromwich - Treasurer

Independent auditors' report

To the members of

Disability Rights UK

We have audited the financial statements of Disability Rights UK for the year ended 31 March 2013 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of the responsibilities of the trustees set out in the report of the trustees, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013, and of the group's incoming resources and application of resources, including its income and expenditure, for the 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 and the Charities Act 2011.

Independent auditors' report

To the members of

Disability Rights UK

Emphasis of matter

Going concern

Without qualifying our opinion, we draw your attention to note 1b in the financial statements. At 31 March 2013, the group had net current assets of £25,521 (2012: net current liabilities of £18,498). Note 1b explains that there has been a restructuring process in 2012/13 which has reduced overheads by £200,000. The board of trustees are confident that through the organisation's work to determine key priorities and ensure non-profitable activities have been ceased, the organisation is in a more sustainable position and the charity is a going concern.

Opinion on 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 by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Judith Miller (Senior statutory auditor)

8 October 2013

for and on behalf of Sayer Vincent, Statutory Auditors

Sayer Vincent, 8 Angel Gate, City Road, LONDON EC1V 2SJ

Sayer Vincent is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Disability Rights UK

Consolidated Statement of Financial Activities (Incorporating an income and expenditure account)

For the year ended 31 March 2013

	Note	Unrestricted £	Restricted £	2013 Total £	2012 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	229,783	-	229,783	114,566
<i>Activities for generating funds</i>					
Training and consultancy		111,125	-	111,125	162,507
Trading subsidiary	10	522,261	-	522,261	313,201
Investment income		1,052	-	1,052	2,158
<i>Incoming resources from charitable activities</i>					
Member subscriptions	3	69,040	-	69,040	98,934
Promoting Social Inclusion		138,263	698,703	836,966	1,128,275
Advice and publications		408,005	90,000	498,005	496,027
<i>Other incoming resources</i>		<u>32,243</u>	<u>-</u>	<u>32,243</u>	<u>341,026</u>
Total incoming resources		<u>1,511,772</u>	<u>788,703</u>	<u>2,300,475</u>	<u>2,656,694</u>
Resources expended					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income		186,322	-	186,322	180,202
Training and consultancy		138,184	-	138,184	120,499
Trading subsidiary	10	478,633	-	478,633	392,206
<i>Charitable activities</i>					
Member Services		296,548	-	296,548	252,192
Disabled Peoples Involvement		15,932	749,558	765,490	1,176,994
Advice and publications		180,318	90,000	270,318	499,739
<i>Governance costs</i>		<u>60,945</u>	<u>-</u>	<u>60,945</u>	<u>44,817</u>
<i>Other resources expended</i>		<u>56,954</u>	<u>40,640</u>	<u>97,594</u>	<u>294,366</u>
Total resources expended	4	<u>1,413,836</u>	<u>880,198</u>	<u>2,294,034</u>	<u>2,961,015</u>
Net incoming/(outgoing) resources before transfers	5	97,936	(91,495)	6,441	(304,321)
Gross transfers between funds		<u>(13,018)</u>	<u>13,018</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year		84,918	(78,477)	6,441	(304,321)
Actuarial (losses) on defined benefit pension scheme	17	<u>(533,000)</u>	<u>-</u>	<u>(533,000)</u>	<u>(788,000)</u>
Net movement in funds		<u>(448,082)</u>	<u>(78,477)</u>	<u>(526,559)</u>	<u>(1,092,321)</u>
Reconciliation of funds					
Total funds brought forward		<u>(954,482)</u>	<u>197,646</u>	<u>(756,836)</u>	<u>335,485</u>
Total funds carried forward		<u><u>(1,402,564)</u></u>	<u><u>119,169</u></u>	<u><u>(1,283,395)</u></u>	<u><u>(756,836)</u></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 above and in note 13 to the financial statements.

Balance sheets

As at 31 March 2013

	Note	The group		The charity	
		2013 £	2012 £	2013 £	2012 £
Fixed assets					
Tangible fixed assets	8	113,029	146,607	113,029	141,201
Investments	9	<u>6,055</u>	<u>6,055</u>	<u>6,057</u>	<u>6,057</u>
		<u>119,084</u>	<u>152,662</u>	<u>119,086</u>	<u>147,258</u>
Current assets					
Debtors	11	269,135	358,061	448,525	462,720
Cash at bank and in hand		<u>183,024</u>	<u>190,634</u>	<u>156,392</u>	<u>169,168</u>
		452,159	548,695	604,917	631,888
Liabilities					
Creditors: amounts due within 1 year	12	<u>426,638</u>	<u>567,193</u>	<u>370,653</u>	<u>392,610</u>
Net current assets/(liabilities)		25,521	(18,498)	234,264	239,278
Net assets before pension liability		144,605	134,164	353,350	386,536
Defined benefit pension scheme liability	17	<u>(1,428,000)</u>	<u>(891,000)</u>	<u>(1,428,000)</u>	<u>-</u>
Net (liabilities)/assets	13	<u>(1,283,395)</u>	<u>(756,836)</u>	<u>(1,074,650)</u>	<u>386,536</u>
Funds					
Restricted funds					
Other funds in surplus		119,169	197,646	119,169	197,646
Unrestricted funds					
General funds		234,180	188,890	234,181	188,890
Trading subsidiary funds		(208,744)	(252,372)	-	-
Net funds before pension reserve		144,605	134,164	353,350	386,536
Pension reserve		<u>(1,428,000)</u>	<u>(891,000)</u>	<u>(1,428,000)</u>	<u>-</u>
Total charity funds	14	<u>(1,283,395)</u>	<u>(756,836)</u>	<u>(1,074,650)</u>	<u>386,536</u>

Approved by the trustees on 2 October 2013 and signed on their behalf by

Michael Bromwich Treasurer

Disability Rights UK

Notes to the financial statements

For the year ended 31 March 2013

1. Accounting policies

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

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Radar Promotions Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

b) Going concern

Following a difficult year in 2011/12 Disability Rights UK restructured the organisation in 2012/13 resulting in a £200,000 reduction of overhead costs. The Senior Management Team was reduced from six to three members, other posts were merged, systems were reviewed to improve efficiencies and a detailed review of premises and other costs was undertaken making savings wherever possible. A lot of work had been carried out to determine key priorities for the next two years enabling the new organisation to focus on delivering outcomes in the most effective manner. Non-profitable activities that do not deliver our priorities were ceased and new initiatives to generate income which also meet our charitable objectives have been implemented. The Trustees feel the organisation is in a more sustainable position and at the time of signing these accounts the Trustees feel the charity is a going concern.

- c) Voluntary income received by way of subscriptions, donations and gifts to the charity is included in full in the statement of financial activities when receivable.

- d) Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions the incoming resource is deferred.

- e) Resources expended are allocated to the particular activity where the cost relates directly to that activity. Resources expended include attributable VAT which cannot be recovered. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Cost of generating voluntary income	15%
Training and consultancy	12%
Member services	25%
Disabled people's involvement	25%
Advice and publications	15%
Governance costs	3%
Unification	5%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Disability Rights UK

Notes to the financial statements

For the year ended 31 March 2013

1. Accounting policies (continued)

- f) The costs of generating funds relate to the costs incurred by the group and charitable company in raising funds for the charitable work.
- g) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Equipment and furniture	3 years
Website and software	3 years
Leasehold improvements	3 years

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

- h) Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management and support costs.
- i) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- j) The charitable company operates a defined benefit pension scheme which was transferred from the Royal Association for Disability Rights (RADAR) during the year. This scheme is now closed to new members, but a defined contribution pension scheme is operated to satisfy stakeholder pension requirements. The costs of providing pensions are charged to the Statement of Financial Activities as incurred for the defined contribution scheme. For the defined benefit scheme, the charity has adopted Financial Reporting Standard 17 for the accounting treatment of retirement benefits. The effect of this is to recognise the pension scheme asset/liability on the balance sheet. The amounts charged to total resources expended are the current service costs, the interest cost and the expected return on the assets. Actuarial gains and losses are recognised immediately after net income/expenditure for the year as other gains and losses in the Statement of Financial Activities.

2. Voluntary income

	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Donations	122,816	-	122,816	98,658
Legacies	80,967	-	80,967	5,908
Sponsorship	26,000	-	26,000	10,000
Total	<u>229,783</u>	<u>-</u>	<u>229,783</u>	<u>114,566</u>

3. Incoming resources from charitable activities

	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Member subscriptions	69,040	-	69,040	98,934
Promoting social inclusion	138,263	698,703	836,966	1,128,275
Advice and publications	408,005	90,000	498,005	496,027
Total	<u>615,308</u>	<u>788,703</u>	<u>1,404,011</u>	<u>1,723,236</u>

Disability Rights UK

Notes to the financial statements

For the year ended 31 March 2013

4. Resources expended

	Cost of generating voluntary income	Training and consultancy	Trading subsidiary	Member services	Disabled peoples involvement	Advice and publications	Governance	Other resources expended	2013 Total	2012 Total
	£	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities										
Staff costs	86,457	69,165	147,471	156,833	300,835	118,434	30,030	28,819	938,044	516,923
Direct project costs *	50,515	31,170	259,367	59,564	314,162	89,936	17,494	46,836	869,044	1,220,072
Total Direct Costs	136,972	100,335	406,838	216,397	614,997	208,370	47,524	75,655	1,807,088	1,736,995
Support costs allocated to activities										
Staff costs	15,257	12,206	26,024	27,676	53,088	20,898	5,299	5,086	165,534	623,270
Premises	25,179	20,142	-	41,964	41,965	25,179	5,035	8,588	168,052	244,000
Office running costs	8,914	5,501	45,771	10,511	55,440	15,871	3,087	8,265	153,360	356,750
Total Support costs	49,350	37,849	71,795	80,151	150,493	61,948	13,421	21,939	486,946	1,224,020
Total Resources expended	186,322	138,184	478,633	296,548	765,490	270,318	60,945	97,594	2,294,034	2,961,015

* Direct project costs consists of project resource, events and other directly related costs

Disability Rights UK

Notes to the financial statements

For the year ended 31 March 2013

5. Net incoming/(outgoing) resources for the year

This is stated after charging:

	2013	2012
	£	£
Depreciation	77,149	57,597
Trustees' expenses	2,743	5,157
Trustees' remuneration	Nil	Nil
Auditors' remuneration:		
▪ Audit	20,000	20,000
Operating lease rentals:		
▪ Property	80,000	169,115
▪ Other	4,860	1,269
	<u>4,860</u>	<u>1,269</u>

Trustees expenses represent travel and subsistence costs of 13 (2012: 10) trustees.

6. Staff costs and numbers

Staff costs were as follows:

	2013	2012
	£	£
Salaries and wages	982,477	1,050,210
Social security costs	103,801	106,241
Pension contributions	17,300	21,211
	<u>1,103,578</u>	<u>1,177,662</u>

Two members of staff were paid more than £60k in the year. Employer pension contributions for one of these members was £5,040. No contributions were paid for the other member of staff.

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

	2013	2012
	No.	No.
SMT (CEO/Directors)	6	6
Finance, HR, IT & administration	4	5
Direct Charitable activity	16	13
Income generation	3	6
	<u>29</u>	<u>30</u>

Disability Rights UK

Notes to the financial statements

For the year ended 31 March 2013

7. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Radar Promotions Limited gift aids available profits to the charity. Its charge to corporation tax in the year was:

	2013 £	2012 £
UK corporation tax at 20% (2012 : 20%)	-	-

8. Tangible fixed assets The group

Cost	Equipment & furniture £	Website & software £	Leasehold improvement £	Total £
At the start of the year	87,400	67,701	55,934	211,035
Additions in year	2,057	41,514	-	43,571
At the end of the year	89,457	109,215	55,934	254,606
Depreciation				
At the start of the year	34,852	24,915	4,661	64,428
Charge for the year	29,648	28,856	18,645	77,149
At the end of the year	64,500	53,771	23,306	141,577
Net book value				
At the end of the year	24,957	55,444	32,628	113,029
At the start of the year	52,548	42,786	51,273	146,607

The Charity

Cost	Equipment & furniture £	Website & software £	Leasehold improvement £	Total £
Transfer from Legacy Charities 1 January 2012	87,400	59,592	55,934	202,926
Additions in period	2,057	41,514	-	43,571
Transfer from subsidiary	-	8,109	-	8,109
At the end of the year	89,457	109,215	55,934	254,606
Depreciation				
At the start of the year	34,852	22,212	4,661	61,725
Charge for the period	29,648	26,153	18,645	74,446
Transfer from subsidiary	-	5,406	-	5,406
At the end of the year	64,500	53,771	23,306	141,577
Net book value				
At the end of the year	24,957	55,444	32,628	113,029
At the start of the year	52,548	37,380	51,273	141,201

Disability Rights UK

Notes to the financial statements

For the year ended 31 March 2013

9. Investments

	The group		The charity	
	2013 £	2012 £	2013 £	2012 £
Market value at the start of the year	6,055	6,055	6,057	-
Transfer from Legacy Charities 1 January 2012	-	-	-	6,057
Market value at the end of the year	6,055	6,055	6,057	6,057
Historic cost at the year end	6,055	6,055	6,057	6,057

Investments comprise:

	The group		The charity	
	2013 £	2012 £	2013 £	2012 £
UK unlisted shares	5,142	5,142	5,142	5,142
Investment in subsidiary	-	-	2	2
UK fixed interest	913	913	913	913
	6,055	6,055	6,057	6,057

Investments representing over 5% by value of the portfolio comprise:

	The group		The charity	
	2013 £	2012 £	2013 £	2012 £
Help cards	5,142	5,142	5,142	5,142
Santander Preference Shares	913	913	913	913

Disability Rights UK

Notes to the financial statements

For the year ended 31 March 2013

10. Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of Radar Promotions Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2013	2012
	£	£
Turnover	522,261	313,201
Cost of sales	295,188	229,406
Gross profit	227,073	83,795
Operating expenses	183,445	162,800
Other operating income	-	-
Operating profit/(loss)	43,628	(79,005)
Tax on ordinary activities	-	-
Profit/(loss) for financial year	43,628	(79,005)

The aggregate of the assets, liabilities and funds was:

Assets	112,667	185,117
Liabilities	(321,409)	(437,487)
Funds	(208,742)	(252,370)

Disability Rights UK

Notes to the financial statements

For the Year Ended 31 March 2013

11. Debtors

	The group		The charity	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	231,080	189,511	145,046	137,852
Other debtors	4,940	21,563	4,940	28,976
Accrued income	1,800	20,000	1,800	12,500
Amounts due from subsidiary undertaking	-	-	265,424	255,229
Prepayments	31,315	126,987	31,315	28,163
	269,135	358,061	448,525	462,720

12. Creditors: amounts due within 1 year

	The group		The charity	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	175,862	213,011	139,280	184,612
Other creditors	34,682	40,086	33,456	40,086
Taxation and social security	46,892	54,242	28,714	37,374
Accruals	50,137	108,021	50,137	69,360
Deferred income	119,065	151,833	119,066	61,178
	426,638	567,193	370,653	392,610

13. Analysis of group net assets between funds

	Restricted funds	General funds	Total funds
	£	£	£
Tangible fixed assets	89,238	23,791	113,029
Investments	-	6,055	6,055
Net current assets	29,931	(4,410)	25,521
Net assets before pension liability	119,169	25,436	144,605
Defined benefit pension scheme liability	-	(1,428,000)	(1,428,000)
	119,169	(1,402,564)	(1,283,395)

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Notes to the financial statements

For the Year Ended 31 March 2013

14. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources and losses £	Transfers £	At the end of the year £
Restricted funds:					
Strategic Partnership	-	220,000	(220,000)	-	-
Opportunities for Volunteers	16,698	-	(16,698)	-	-
All-Party Parliamentary Disability Group	-	22,252	(22,252)	-	-
Stop Hate Crime	6,940	15,000	(21,940)	-	-
London Leadership & Empowerment	-	22,500	(22,500)	-	-
Equalities Policy	-	1,000	(1,000)	-	-
Radiate	-	18,100	(18,100)	-	-
Trust for London - Tribunal Advice Service	-	35,650	(35,650)	-	-
Trinity College	-	13,250	(13,250)	-	-
Learning 4LINKs	-	47,176	(47,176)	-	-
SfC Disabled Worker	-	17,950	(17,950)	-	-
HSBC Guide	10,000	-	(10,000)	-	-
BIS Skills	53,780	160,000	(213,780)	-	-
Henry Smith Personal Budgets	-	37,000	(27,750)	-	9,250
London Apprentice	-	12,375	(7,294)	-	5,081
Esmee Fairbairn Leadership Academy	-	20,000	(4,400)	-	15,600
Deaf Children Yorkshire	-	5,450	(5,450)	-	-
Kids	25,350	6,000	(44,368)	13,018	-
City Bridge Trust	-	40,000	(40,000)	-	-
The John Ellerman Foundation	-	50,000	(50,000)	-	-
Headley Trust Branding & Website	-	2,324	(2,324)	-	-
Headley Trust Branding & Website capitalised	-	27,676	(4,193)	-	23,483
Esmee Fairbairn Branding & Website	-	1,162	(1,162)	-	-
Esmee Fairbairn Branding & Website capitalise	-	13,838	(2,096)	-	11,742
Unification capitalisation	84,878	-	(30,865)	-	54,013
Total restricted funds	197,646	788,703	(880,198)	13,018	119,169
General funds	(63,482)	1,511,772	(1,413,836)	(9,018)	25,436
Pension reserve	(891,000)	-	(533,000)	(4,000)	(1,428,000)
Total funds	(756,836)	2,300,475	(2,827,034)	-	(1,283,395)

Purposes of restricted funds

Strategic Partnership - Department of Health: this grant from the Department of Health funds a joint project with Shaping Our Lives. It aims to share knowledge of health and social care policy amongst disability groups and to feedback intelligence to the Department of Health

Opportunities for Volunteers - Department of Health: this funding supported small disability organisations specifically to increase the involvement of volunteers in local projects

All-Party Parliamentary Disability Group: provides secretariat support to enable the All Party Parliamentary Disability Group to raise important and relevant issues of disabled people in parliament

Stop Hate Crime ODI: this funding is to raise awareness of disability hate crime and to develop a tool kit for use by third party reporting centres

Disability Rights UK

Notes to the financial statements

For the Year Ended 31 March 2013

London Leadership and Empowerment - a programme to reach out to disabled people in Black and Minority Ethnic communities in London and provide leadership coaching

Radiate - a network of leading disabled people who meet regularly to exchange ideas and develop potential

Trust for London - Tribunal Advice Service: this funding supports advice centres in London to provide advice on all aspects of social security for disabled people

Learning 4LINKs - a programme of training for LINKs members to help them in their transition to Healthwatch

HSBC Guide: to provide a guide for MPs

Skills - BIS funding to support the reform of adult learning and skills for disabled people and to advise on policy development

Henry Smith Personal Budgets - looking how personal budgets can be developed and people supported to use them

London Apprentice - to work with employers and disabled young people to increase opportunities to undertake apprenticeships

Leadership Academy - conducting a feasibility study into setting up a leadership academy to develop disabled peoples potential in work

Deaf Children Yorkshire - small project to provide support for deaf young people considering going to university

Kids - to develop a market for parents of disabled young children on personal budgets

City Bridge Trust - to provide a disability benefits advice and information service

John Ellerman Foundation - funding towards our advice and information work particularly in relation to our website

Headley Trust - funding to develop our brand and website

Esmee Fairbairn - funding to develop our brand and website

Unification - various funding to support the merger of Disability Alliance, National Centre for Independent Living and Radar

15. Operating lease commitments

The charity and the group had annual commitments at the year end under operating leases expiring as follows:

	2013		2012	
	Land and buildings £	Other £	Land and buildings £	Other £
Less than 1 year	-	-	-	5,236
2 - 5 Years	<u>80,000</u>	-	<u>80,000</u>	-
	<u>80,000</u>	-	<u>80,000</u>	<u>5,236</u>

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Notes to the financial statements

For the year ended 31 March 2013

16. Pension overview

Disability Rights UK operates a defined benefit pension scheme which was transferred from the Royal Association for Disability Rights (Radar) on 21 March 2013. This scheme was closed to new members on 31 October 2005 and there are no active members. On 21 March 2012 Disability Rights UK agreed to provide a guarantee to fund the scheme to S75 level. This was registered with the Pensions Regulator. Radar will continue to be a participating employer to the Scheme. Financial details are shown in note 7.

DR UK participates in The Pension Trust Growth Plan through its subsidiary Disability Alliance Educational and Research Association (DA). The Growth Plan 3 is now classed as a defined benefit scheme and there is an estimated £185,000 debt on withdrawal. There are two active members and financial details are shown in note 8.

DR UK also participates in a stakeholder pension scheme.

Analysis of pension costs included in the Total Resources Expended

	2013	2012
	£	£
Radar defined benefit scheme		
Deficit payments and running costs	80,796	80,796
Pension Trust Growth Plan		
Employer contributions	7,948	9,057
Stakeholder pension scheme		
Employer contributions	9,351	12,031
	<u>98,095</u>	<u>101,884</u>

17. Radar defined benefit pension scheme

Reconciliation of the present value of scheme liabilities and fair value of assets to the liability recognised in the balance sheet

	2013	2012
	£'000	£'000
Present value of funded obligations	(7,032)	(6,162)
Fair value of scheme assets	5,604	5,271
Net liability	<u>(1,428)</u>	<u>(891)</u>
Amounts in the balance sheet		
Pension scheme liability	<u>(1,428)</u>	<u>(891)</u>

Disability Rights UK

Notes to the financial statements

For the year ended 31 March 2013

17. Radar defined benefit pension scheme (continued)

Total expense recognised in profit & loss

	2013	2012
	£'000	£'000
Interest on obligation	280	292
Expected return on scheme assets	(211)	(279)
Total	69	13
Actual return on scheme assets	421	132

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

	2013	2012
	£'000	£'000
Opening defined benefit obligation	6,162	5,387
Interest cost	280	292
Actuarial losses	743	641
Benefits paid	(153)	(158)
Closing defined benefit obligation	7,032	6,162

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

	2013	2012
	£'000	£'000
Opening fair value of scheme assets	5,271	5,223
Expected return	211	279
Actuarial gains and (losses)	210	(147)
Contributions by employer	65	74
Benefits paid	(153)	(158)
Closing fair value of scheme assets	5,604	5,271

The group expects to contribute £87,363 to the scheme in 2013/14.

The assets of the scheme and the net expected long-term return on these assets are:

	2013	Value	2012	Value
	%	£000's	%	£000's
Equities	5.0%	2,125	5.3%	3,064
Bonds	1.6%	2,875	2.0%	1,542
Cash	1.5%	362	1.8%	414
Annuities	4.1%	242	4.6%	251

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Notes to the financial statements

For the year ended 31 March 2013

17. Radar defined benefit pension scheme (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2013	2012
	%	%
Discount rate at the end of the year	4.1%	4.6%
Pension increases in payment	3.1%	3.0%
RPI increases	3.3%	3.2%
CPI increases	2.3%	2.2%
Mortality	1.2%	1.2%

SIPA with CMI_2011 projections and a long term rate of 1.2% pa

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

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme					
Assets	5,604	5,271	5,223	5,032	3,848
Value of Liabilities (funded obligation)	7,032	6,162	5,387	5,469	3,987
Recognised surplus/(deficit)	(1,428)	(891)	(164)	(437)	(139)
Experience gain/(loss) on liabilities	-	-	54	-	-
Experience gain/(loss) on assets	(1,428)	(147)	5	1,097	(893)

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Notes to the financial statements

For the year ended 31 March 2013

18. Disability Alliance Educational and Research Association defined benefit pension obligation

- a. Disability Alliance 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.
- b. 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.
- c. 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.
- d. 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.
- e. 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.
- f. 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.
- g. 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.
- h. Disability Alliance paid contributions at the rate of 5% during the accounting period. Members paid contributions at the rate of 5% during the accounting period. As at the balance sheet date there were three active members of the Plan employed by Disability Alliance. Disability Alliance has closed the Plan to new entrants.
- i. 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.

Disability Rights UK

Notes to the financial statements

For the year ended 31 March 2013

18. Disability Alliance Educational and Research Association defined benefit pension obligation (continued)

- j. The valuation results at 30 September 2011 were completed in 2012 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 £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%.
- k. The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Rate of return pre retirement	7.6
Rate of return post retirement:	
Active/Deferred	5.1
Pensioners	5.6
Bonuses on accrued benefits	0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

- l. 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.
- m. The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.
- n. 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.
- o. 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 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

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Notes to the financial statements

For the year ended 31 March 2013

18. Disability Alliance Educational and Research Association defined benefit pension obligation (continued)

- p. 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.
- q. 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.
- r. 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.
- s. When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.
- t. Owing to this situation, we have included 2 figures/calculations, namely:
- The cost of withdrawal if we include Series 3 liabilities in the calculation
 - The cost of withdrawal if we exclude Series 3 liabilities from the calculation
- u. If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and The Pensions Trust would request payment of the higher amount with any adjustment being made when the regulations are implemented.

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Notes to the financial statements

For the year ended 31 March 2013

- v. Disability Alliance 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 2012. As of this date the estimated employer debt for 2012/13 was £179,138.