Annual Report and Accounts 2024/25

leonardcheshire.org

Leonard Cheshire

LEONARD CHESHIRE DISABILITY
(A Company Limited by Guarantee)

CONTENTS

LEONARD CHESHIRE DISABILITY

(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2025

Trustees	Neil Goulden, Chair[1] Stephen Billingham CBE, Deputy Chair (from 16 July 2025)[1,3] David Porter[3,4] Valerie Todd[1,4] John Cowman[2] Julian Spurling[2,4] David Green[3] Stuart Secker[3] Holly Spiers (appointed 1 June 2024)[2] Austen Reid (appointed 1 June 2024)[3] Carl Uminski[4] Penelope Harrison (appointed 16 June 2025)[4] Michele Golden, Vice Chair (retired 19 June 2025)[1] Marcia Shekerdemian KC (appointed 1 June 2024, retired 25 March 2025)[4] Debi Marriott-Lavery (appointed 1 September 2024, retired 16 February 2025)[4] Graeme Betts CBE (appointed 1 November 2024, retired 16 February 2025)[2] [1] Remuneration and Nominations Committee [2] Quality and Safety Committee [3] Audit, Risk and Finance Committee [4] People and Operations Committee
Company registered number	552847
Charity registered number	218186
Registered office	Regus, The News Building, 3rd Floor 3 London Bridge Street London SE1 9SG
Founder	The Late Group Captain Lord Cheshire, VC, DSO, DFC
Company secretary	Marcus Missen (from December 2024) Karolina Walkowicz (July 2024 - November 2024) Daniel James-Partridge (to July 2024)
Independent auditor	MHA Statutory Auditor 6th Floor 2 London Wall Place London, United Kingdom EC2Y 5AU

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP
Legal	Bevan Brittan Fleet Place House 2 Fleet Place London EC4M 7RF
	Eversheds Sutherland LLP 1 Wood Street London EC2V 7WC
Executive team	Ruth Owen OBE - Chief Executive Marcus Missen - Executive Director – Partnerships, Advocacy and Impact Sanjiv Ralhan FCCA - Group Finance Director Michael Lowney FCMA CGMA - Financial Planning Director Jon Forde - Executive Director - People Peter James - Executive Director - Operations Vanessa Davies - Executive Director - Quality and Compliance David Slater - Executive Director – Strategy Delivery Nev Wilkinson - Commercial Director

About us

We believe in a fair world in which disabled people have the same equal opportunities and choices as non-disabled people. We fight for disabled people's rights, working with our partners to deliver support and life-changing programs.

Welcome from our Chair

Approaching the Future with Confidence

The past few years have presented significant challenges, both for Leonard Cheshire and across the wider social care sector. We have experienced the continued pressures of rising costs, and workforce shortages at some locations. Through it all, our focus has remained clear: to ensure the people we support receive the high-quality care they deserve, and that our charity remains resilient and sustainable for the future.

This past year marked another pivotal stage in our journey. We continued to build on the financial progress made in the prior year and started implementing the next phase of our strategic plan. A key part of this involves reducing the overall number of services we operate, decisions taken with care, but with a firm eye on long-term sustainability. As part of this process, we completed our planned exit from Wales through the sale of several services. These changes are helping us concentrate our resources, improve quality, and ensure our services are well-supported, well-maintained, and able to meet future demand.

Our services support individuals with some of the most complex needs in our communities. In those we now operate, there remains a critical need for investment - in our buildings, in our staff, and in the infrastructure that supports care delivery. Modernising our estate and systems is not only about maintaining compliance or meeting regulatory expectations, it's about ensuring our support remains relevant, competitive, and appropriate to the needs of disabled people in the years to come.

We also want to be in a strong position to respond to strategic opportunities – working with local authorities and the NHS to co-design and deliver new models of care. We know that expectations of social care are changing, and our ambition is to lead that change. We want to demonstrate what best-in-class services for disabled people should look like - services that empower, enable and open up new possibilities.

However, the social care sector remains under enormous financial pressure. Public funding is stretched, and the costs of delivering high-quality care, particularly for individuals with complex needs, continue to rise. This past year, much of our effort has been focused on improving financial resilience and addressing long-standing historical issues. A key part of that work has involved engaging with commissioners to ensure we are fairly paid for the services we provide on their behalf, day in and day out.

These discussions are not always easy. In some cases, despite significant inflationary pressures and other rising costs, local authorities have proposed fee uplifts that do not reflect the true cost of care. In others, we have had to battle to secure payment for care delivered many years ago, sometimes involving unpaid fees totalling millions of pounds. This situation is not sustainable. As Trustees, we cannot allow the charity to subsidise essential care, that should be paid for by public bodies, in ways that jeopardise our ability to deliver care tomorrow. We need local authorities to pay a fair price for the care we provide and to pay on time.

While we have made real progress in becoming a leaner and more efficient organisation, that alone will not deliver the level of funding for investment we need. The reality is that a smaller, more focused Leonard Cheshire will be better placed to meet existing commitments, and invest meaningfully in the future. The funds raised through the sale of services have played a vital role in our financial recovery to date. Further consolidation will enable the transformation and modernisation required to raise standards across all our services – and to truly shift the dial on what we can deliver for disabled people.

As previously reported, the Charity Commission opened a Statutory Inquiry into the administration, governance and management of the charity. The Inquiry examined the extent to which Trustees had adequate oversight of the Charity's finances and whether Trustees had complied with and fulfilled their duties and responsibilities under charity law. Of particular focus was the historical use of restricted funds for other (general) purposes.

These concerns relate to past actions that pre-date the current Trustees and Executive. The current Trustees and Executive has taken decisive steps to address these historical issues – engaging openly and constructively with the Charity Commission. The Commission will be issuing a report, which we welcome, and trust it will acknowledge the steps taken by the current Trustees and Executive to address the past.

As I explained last year, we introduced a new policy to ensure restricted funds are properly recorded and protected, and we committed to replenishing those funds in cash within three years. I am pleased to report that we are ahead of schedule and met that commitment in July 2025, sooner than previously anticipated. During 2024/25, we undertook detailed reviews of historical income and expenditure, to ensure all restricted funds were appropriately allocated and accounted for. This identified an overstatement of restricted funds (£13.6m) as a result of allowable costs (£13.6m) not being charged to the restricted funds in accordance with donor's stated usage. This transfer is shown between funds as part of these audited accounts. We report further on this in a separate statement 'Restricted Reserves' within the Financial Review section of this report. As at 31 March 2025, we reported restricted funds of £7.2 million, with £4.2 million held in a dedicated restricted funds cash account.

Alongside financial stability, the quality and safety of care remains our top priority. Throughout the year, Trustees have continued to receive regular, detailed reporting on service quality. New operational structures, robust auditing, and the introduction of targeted support for service managers have strengthened our ability to monitor and improve quality across all settings. We are now far more confident in our ability to identify concerns and take action early.

Delivering modern, forward-looking care also means investing in the right digital tools and systems. We simply cannot afford to stand still in this area. With digital care planning increasingly expected by regulators, we are making a significant investment in devices, software and Wi-Fi infrastructure across our services. The initial rollout of digital care planning during 2024/25 and into 2025/26 marks the beginning of a wider transformation in how we support staff in their work and enhance care delivery.

Leonard Cheshire has undoubtedly been on a tough journey, but one that has made us stronger. Thanks to the difficult decisions made in recent years, we are now more resilient and more confident about our future. We are becoming a stronger organisation – financially, operationally and strategically – and we can now move forward with renewed purpose.

None of this progress would have been possible without the incredible dedication of our staff, the Executive team and my fellow Trustees. I am deeply grateful to everyone who has contributed to this work, and who continue to share in the ambition of building a better, stronger Leonard Cheshire for the future. I would also like to thank the individuals and organisations who generously support us, enabling us to enhance what we offer disabled people.

CEO's Message

When it was founded more than 75 years ago, our charity offered disabled people residential social care which was pioneering for its time. The charity's growth in subsequent years showed how much demand there was to provide an alternative to hospital wards, which in 1948 were the only accommodation option for many disabled people.

Thankfully, things have moved on with more choices available to disabled people - through support in their own home, in supported living accommodation, residential care and nursing services. That said, the pervasive and long-standing issue of inadequate funding for social care means that disabled people are restricted in what they can access, or choice in the type of support which meets their specific needs - which sometimes just isn't available locally. Policy makers and society can and must do better for these individuals.

As we reflect on the past year, Leonard Cheshire stands at a pivotal moment in its journey - we need to look back but also forward with bold ambition. Our legacy of providing compassionate, high-quality care to disabled people is one we hold with great pride. We are known and respected for our specialist nursing care, particularly for individuals with complex needs and high-level physical disabilities. This expertise has been central to our identity, and it remains the cornerstone on which we are building our future.

The care sector continues to evolve, and so must we. Over recent years, it has become increasingly clear that to deliver the greatest impact and secure a sustainable future, we must have a greater sense of uniqueness as a provider, be more focussed and specialist. It's about investing in our areas of unique strength and doing this provision better.

Much of our existing infrastructure and service model reflect an earlier approach to disability support. Many of the people we support have complex, nursing intensive needs. Responding more effectively to their needs requires embedding approaches that are more person-centred, holistic and choice driven. It means refining what we do and how we do it, delivering nursing-led care in ways that are innovative, compassionate, and future-proof. Our decision to consolidate is about doing more of what we do best. By realigning our services, we are putting a greater emphasis on specialist provision, particularly for people with higher support needs. This requires development of more contemporary care environments, purpose-built around the people who use them. It means having assistive technology and smart design from the start, ensuring that independence and dignity are not just supported but actively promoted.

To achieve this, we must invest – not only in existing and new buildings, but in people and technology. Many of our buildings need extensive modernisation to ensure they meet the expectations and standards of modern care in future decades. We want to create spaces that are not only fit for purpose, but also empowering and uplifting for the people who live and work in them. Likewise, we need to ensure our workforce is supported, rewarded and invested in. Recruiting and retaining specialist staff has become increasingly challenging across the sector. If we are to meet this challenge, we must be able to offer competitive pay, meaningful development opportunities, and a work environment where people are supported to make the most difference to people we support.

We are also committed to being more responsive to the aspirations of younger disabled people. Traditional care homes do not always meet the expectations of a generation that expects independence, choice, and flexibility. Innovative supported living services, when designed with the right infrastructure and support models, can offer an attractive alternative. We see this as a vital area for development – combining the specialist care we're known for with greater autonomy and control for the people we support. In time, we'll invest responsibly in new services that are designed to support complex health needs while promoting active, independent lives in the heart of local communities.

Our focus now is firmly on the future. While this year has been one of transition and careful consolidation, it has also been about setting the foundation for growth and further refinement of our future strategy. We are taking deliberate steps to ensure that every service we offer aligns with our strategic direction: to become a national and pioneering leader again in specialist disability care. We know this will not be easy, but we believe we are on the right path - not just for us as an organisation, but for the people who rely on us.

This transformation is not only necessary - it is possible. With the continued support of our staff, partners, funders and supporters, and the communities we serve, we are confident that we can deliver on this vision.

Trustees' Report including Strategic Report

The Board of Trustees presents its Trustees' Report, including the Strategic Report for the year ended 31 March 2025 under the Charities Act 2011 and the Companies Act 2006, incorporating the Directors' Report.

Over the past year, we have continued to put in place the foundations for Leonard Cheshire's long-term sustainability and success, while driving forward modernisation and quality improvements in our service provision.

We are on a journey to reshape the charity so it can meet the future needs of disabled people with confidence and innovation. Our three-year recovery plan started in early 2022 and in 2024/25 we delivered key activities to improve our financial position and effectiveness. Here we outline progress made last year against our priorities for future periods. These priorities were detailed in our 2023/24 Annual Report and Accounts.

1. Continue to prioritise safe, effective delivery of care and support

a. Rollout of digital care planning and medications management across services.
b. Continue momentum to control and reduce agency worker reliance.
c. Responsibly exit from services where quality improvements are unsustainable.

What we did

- Following testing of care planning software and devices at a service, we reviewed capability, benchmarking against other providers in the marketplace and the future requirements of services.
- We carried out digital surveys of all sites to identify IT and requirements and connectivity solutions.
- In 2025 Q4, we commenced a 12-month rollout programme of digital care planning to work alongside medication managements in our all our England residential services.
- During the 2024/25 financial year, we successfully reduced our reliance on agency staffing through close monitoring, strong oversight, and targeted initiatives to tackle recruitment challenges in key locations. As a result, total agency usage decreased significantly from 431,631 hours (2023/24) to 260,348 hours last year, improving workforce stability at services and reducing these costs.
- The goal of our charity is always to ensure the best possible care and support for people. In 2024/25 we took the difficult decision to close services where, despite concerted efforts by our teams to address quality challenges, we were not confident of embedding improvements long-term at these locations.
- Insurmountable challenges recruiting and retaining management with the right skills and experience, or suitable nursing and care staff, as well changes in demand for the type of service provided, were among factors leading to the closure of some services. Care homes that closed in 2024/25 because of these factors included The Grove in Norfolk, Westwinds in Surrey and Llanhennock Lodge in Wales.

2. Successful delivery of key measures of recovery plan by the end of 2024/25

a. Strategically exit from our provision in Wales, transferring ownership to reputable providers.
b. Define long-term portfolio strategy as part of our wider future organisational strategy and business plan.
c. Continue to build funds for ongoing operational reserves requirements, future modernisation investment needs and to set aside funds to replenish restricted reserves cash.
d. Implement targeted staff reductions in support functions, reducing costs and supporting operational surpluses in coming years.

What we did

- By 2024/25 year end, we had transferred three care and nursing homes to Wales based providers. All supporting living services we previously operated are now being delivered by other organisations. Sales resulted in continuity of care and support for residents, provided by the same staff. The transfer of our last remaining Welsh care service completed in 2025/26.
- We engaged external sector specialists to undertake a review our services and devise a long-term portfolio strategy. This looked at a wide range of factors such as demand, investment needs, location and potential for modernisation or development as we begin a financially sustainable programme of reshaping the estate over the next 5 years.
- Through measures to improve our financial position, including sales of services as going concerns or vacant properties following closures, we improved our cash position during the year.

- We are on track to replenish all restricted reserves in cash by July 2025. During 2024/25 we undertook further detailed examination of historical income and corresponding expenditure to ensure that all restricted funds have been appropriately allocated and accounted for. As at 31 March 2025, we reported restricted funds of £7.2m, with £4.2m in the restricted funds cash account.
- During 2024/25, we implemented targeted restructuring within a small number of support functions leading to 9 redundancies. Overall, our average headcount reduced from 4,245 in 2023/24 to 3,770 in 2024/25, largely due to a reduction in the number of services operated.

3. Refine and agree long-term strategy

a. During course of 2024/25, refine strategic objectives for the future, align to changing market needs, local authority expectations and meeting the needs of younger disabled people.
b. Carry out Board and Executive engagement in Q3 2024/25 to agree future strategic focus.

What we did

- We continued high level conversations with key commissioners, housing and potential development partners, gaining market insights around our current provision, demand for complex nursing and supported living designed to support younger disabled adults make the transition to independent living from school or college.
- A wide range of strategy conversations and engagement about the charity's future long-term direction took place with trustees during 2024/25, both as part of Board agenda items and targeted meetings. An Executive/Board Away Day was held on 30 October 2024; during which information gathered, insights and observations were shared. Following further analysis and financial modelling, a follow up session on our future direction was held with the Board on 3 April 2025.

4. Lobby and campaign for positive change in key Government policy agendas that impact disabled people's daily lives

a. Work independently, and as part of coalitions, to influence positive policy commitments from new Government and ensure change and funding needs are prioritised.
b. Continue to be a strong advocate for effective policy making in inclusive employment and other policy agendas that intersect, such as social security reform.
c. Develop and pilot a new engagement model for Leonard Cheshire to ensure meaningful engagement with people who draw on our services and beyond.

What we did

- In the run up to the UK General Election in July 2024, and through engagement with the Labour Government, we have sought opportunities to push the social care agenda and lobby on wider issues affecting the people we support. This has been via campaigning, coalition working, consultation responses, select committee testimony and departmental/ministerial outreach.
- We lobbied under our own banner and also within coalitions, where we can achieve a strong collective voice. During 2024/25 we undertook campaign and influencing activity as part of the Care & Support Alliance (CSA), Disability Charities Consortium (DCC) and Care England but also via informal and time-limited ad hoc coalitions.
- As a member, we took a lead role in developing and launching the CSA's *'Show Us You Care'* social care campaign, adopted sector-wide across the coalition. Every MP has been contacted via the campaign to date with over 6,000 emails sent to MPs.
- Through our direct influencing, we worked to demonstrate where tackling social care meets the new Government priorities under its *Plan for Change*, and/or where lack of action on social care will negatively impact the government's wider agenda. We also sought to influence additional government funding towards social care.

- We responded and gave evidence to consultations affecting social care, inclusive employment and the people we support. This included securing opportunities for experts-by-lived-experience who we work with to share their personal testimonies.
- Through a new Engagement Steering Group, we trialled methods of engagement with disabled people in our networks and who draw on our services. This work will continue during 2025/26.

The Provision of Care and Support - Our Core Purpose

Leonard Cheshire was the UK's original provider of residential care for disabled people. More than 75 years since we were established, we continue to deliver vital, round-the-clock care and support whilst creating greater choice and independence in the daily lives of individuals.

We specialise in supporting individuals who have very complex needs, including some people who require high levels of nursing care, assistance with multiple long-term conditions, or long periods of rehabilitation. But it's more than that. Our staff work tirelessly to enable people to do the things that matter to them. Looking ahead, we are committed to building on this specialist expertise, designing and delivering services that not only respond to changing needs but actively raise expectations of what support for disabled people looks like and can achieve.
We must continue to evolve with society, and not stand still, so we can offer excellent, highly relevant and impactful services to the next generation of disabled people. This means planning for a future in which services are far more personalised, digitally enabled, and shaped by what disabled people want.

Improvement in Care Quality

Ensuring that the people we support are safe and happy is what drives us all. Our goal is to provide not just care, but positive outcomes where individuals can live their best lives. As of 31 March 2025, we had one service in Wales, well regarded for its quality, which we were in the process of transferring to another provider. Across the rest of the UK, 87% of our services are rated as 'good' or 'outstanding' by regulators.

However, we recognise that some services have required improvement and weren't where we wanted them to be. Over the past year, we made getting things right at these locations a top priority, and our efforts are getting clear results.

A newly established Quality and Safeguarding Improvement Team now plays a central role in our operational delivery. Through regular audits of all our services, and data-led monitoring, the team identifies concerns early and supports service managers to take rapid, effective action. Their hands-on, collaborative approach ensures that changes are not only implemented but sustained.

We also undertook a full review of our care and safeguarding policies, with the support of an independent social care expert. New policies were introduced, and existing ones updated to reflect the latest best practice, regulation, and our own expectations about standards.

Investing in Digital

We know that modern, high-quality care relies on up-to-date tools and systems. That's why in 2024/25 we made a significant investment in digital care technology.

Following the success of pilot schemes the previous year, we continued rolling out handheld digital devices and software that enable staff to create, update and share care plans in real time. This technology helps to streamline care delivery, reduce paperwork, and ensure people receive the right support at the right time.

To support the rollout, we are also upgrading infrastructure across our services - improving Wi-Fi connectivity, installing new equipment, and training staff in how to make the most of digital systems. By the end of 2025/26, we aim to have digital care planning in place across all our residential services in England.

Managing Costs and Reshaping

Throughout 2024/25, we continued to take a prudent approach to financial management - carefully controlling agency spend, streamlining operations, and prioritising cost-efficiency without compromising quality. Nevertheless, fee negotiations with some local authorities remain extremely difficult. In too many cases, councils have refused to reflect the true costs of care in their funding, even as inflation and workforce costs rise.

These realities have forced us into difficult decisions. In a small number of cases, where sustainable funding could not be secured, we had no choice but to return contracts or close services. We approach these decisions with great care, always prioritising the wellbeing and dignity of the people we support.

As part of our long-term strategy, we began a managed exit from service provision in Wales during 2024/25. We worked closely with local stakeholders to ensure smooth transitions for residents and staff, transferring services to alternative providers based in Wales.

We completed the sale of three care homes - along with several supported living services. Eithinog care and nursing home remains our only service in Wales, with a sale in 2025/26. In Northern Ireland, six supported living services were successfully transferred to Belfast-based charity Threshold.

These decisions, while difficult, were made to strengthen the long-term sustainability of Leonard Cheshire. Funds raised will be reinvested into upgrading infrastructure, developing staff, and enhancing the quality of care across our remaining services.

Frontline Excellence and Innovation

Despite external pressures, our teams have continued to deliver outstanding outcomes for people we work with. In supporting people to live more independently, pursue activities and learning, enjoy new experiences or do things they never thought possible, the commitment of our staff shines through.

Much of our ability to innovate and enrich lives comes from charitable support. In 2024, we expanded our Assistive Technology and Innovation Hub in the northeast of England and launched a new hub in the northwest. Over 150 disabled people across nine additional services are now benefiting from customised devices and software, following comprehensive assessments.

Our approach doesn’t stop with the technology. We’re equipping staff with the skills to incorporate these tools into everyday care, improving communication, enabling independence, and unlocking new opportunities for the people we support.

Duncan’s Assistive Technology Journey

Duncan, a disabled adult with complex communication needs, wanted more independence in expressing his choices. Our Assistive Technology (AT) team worked with him to find tools that supported his goals.

Using a variety of tools, the team identified Duncan’s ability to respond to questions with “yes” and “no”, before introducing assistive technology like the BIGmack communicator, enabling him to call for support, and later the iTalk4 device, which added the ability to say “yes”, “no” and “excuse me”, as well as requesting his communication book.

Duncan’s journey with assistive technology has had a meaningful and measurable impact. He has gained greater control over his interactions, which helped reduce frustration.

Duncan is now confident using the technology and looks forward to exploring more advanced communication tools. His story is a powerful reminder that when we provide the right tools, training, and support, disabled people can overcome communication barriers and build greater independence - one button at a time.

Over many years Leonard Cheshire has offered support to help disabled people find and stay in employment. These interventions, through tailored programmes that are centred around the career goals and aspirations of disabled people, can transform lives and open up previously unimaginable opportunities and careers. They also connect the best young disabled talent to leading companies and organisations in the UK who want to create as inclusive workplaces as possible.

Leonard Cheshire, like other organisations, are consistently dismayed at the slow progress made in closing the disability employment gap. Many working age adults want to and can work with the right support, but getting into employment in the first place, staying in a job or getting fair access to promotions is far too hard for too many. It doesn't have to be that way. Lack of awareness, inaccessible recruitment practices, lack of reasonable changes in workplace practices are among the barriers to employment many disabled people face.

We agree with the Government's ambition to support more disabled people into work. We've long called for more investment in employment support programmes for disabled people. For too long there has not been enough support to people who are out of work due to disability, ill health, or a long-term health condition.

We cautiously welcomed the extra £1bn in funding for employment, health and skills support, announced by the Government as part of wider welfare reforms towards the end of 2024/25 in its 'Pathways to Work Green Paper, with the caveat that support needed to be shaped by disabled people's experience. There were other good goals, including removing barriers that stop disabled people trying work because of fear of losing support. But the scale of proposed cuts to Personal Independent Payments and Universal Credit left many disabled people feeling anxious and under attack.

Our concerns about these cuts were shared by many disability organisations, charities and MPs. Following our reaction at the time, as part of the Disability Charities Consortium we later lobbied Government to pause its welfare reform process and instead prioritise a cross-government strategy to lift disabled people out of poverty. This was in addition to influencing work via our membership of the Disability Benefits Consortium and collaboration with other partners. We will set out Leonard Cheshire's full, detailed assessment of the Government's proposals in 2025/26 through our consultation response.

Our Change 100 programme offers paid internships, professional development and mentoring to young disabled talent. It's designed to support the career development of talented university students and recent graduates with any disability or long-term condition. We partner with prestigious organisations, from a diverse range of sectors who believe disability isn't a barrier to a brilliant career.

In 2024/25 we worked with employers to arrange 131 internships. These placements were at organisations such as the Foreign, Commonwealth and Development Office (FCDO), BBC, NHS, the Royal Society of Chemistry, Coca-Cola and Louis Vuitton.

Leonard Cheshire submitted written and oral evidence to a House of Lords Public Services Select Committee Inquiry examining the experiences of young disabled people entering the employment market, including the career and employment support available. The Committee's report, '*Think Work First: The transition from education to work for young disabled people*', was published in October 2024. Change 100 interns participated in two engagement events as part of the Committee's evidence gathering, playing a key part in shaping findings and recommendations.

Ellie - Change 100 Intern Experience

Leonard Cheshire's flagship employment programme, Change 100, is designed to kickstart the careers of university students and recent graduates who have a disability or long-term health condition, by matching them with paid summer internships at leading UK employers.

Ellie, a Fine Arts graduate, began her journey with Change 100 feeling uncertain about her future: "I was so scared. I wanted to get a job, but I didn't know where to go".

Ellie's placement as an HR intern at BMI Group quickly transformed her outlook. Initially apprehensive about entering the workforce, Ellie found her perceptions reshaped:

"I've learnt that the job world isn't as daunting as I thought it would be. I thought it was going to be really scary and cut-throat, but it wasn't."

The experience gave Ellie a newfound appreciation for her own skills.

"If you're doing a degree with competitive or limited job prospects, there are still hundreds of skills you've developed that are valuable in the workplace".

The Policy Environment - Standing up for Social Care

Despite our progress, the environment in which we operate remains among the most difficult in recent memory. Like all providers of publicly funded social care, we face significant external pressures: a stretched workforce, rising costs, inconsistent commissioning practices, and chronic underfunding.

In 2024/25, recruitment and retention continued to be a challenge, particularly in regions where competition for care staff is high. Getting fair fees for care delivered also remains a major issue. Local authorities - under pressure from increasing demand and limited budgets - are often unable or unwilling to reflect actual delivery costs in their funding arrangements. In some cases, we are still seeking overdue payments for care already provided in previous years.

The impact of these financial constraints is compounded by new policy changes. The Chancellor's announcement of increases to Employer National Insurance contributions and the National Living Wage - while welcome for low-paid workers - has further increased the cost base for providers like us. These unfunded rises make the gap between income and outgoings even more difficult to manage. This results in organisations like ours facing stark choices and having to hand back contracts for care delivery, closing services in some cases.

Reform and sustainable funding for social care is more urgent than ever. During 2024/25, Leonard Cheshire continued to work alongside sector partners including Care England and the Care and Support Alliance to advocate for long-term change. Our campaigns have called for fairer fees, better workforce planning, and meaningful investment in a system that at its best enables disabled people to thrive.

We've also engaged with key national conversations - including around the setting up of the Casey Commission - to ensure the voices of disabled people and care providers are heard. This advocacy will remain central to our work in 2025/26 as we seek to shape a more equitable and stable future for the sector.

Our Services at a Glance (as of 31 March 2025):

- **1,050** people supported across care and supported living services
- **50** residential (care and nursing) services
- **58** supported living services
- **778** people lived in our residential care homes
- **272** lived in supported living services
- **835** (80%) were funded by local authorities
- **160** (15%) received NHS Continuing Healthcare funding
- **55** (5%) were privately funded

2.3 Fundraising

In another difficult year for fundraising, we thank both individuals and organisations for their support and generosity. Their donations and fundraising efforts have enabled us to continue to make a positive impact on the lives of disabled people. Fundraising includes legacies and donations, with legacies being the majority of income received. Overall fundraising income exceeded expectations due to the benevolence of our supporters.

As Leonard Cheshire's programmes have decreased, we have a renewed focus on the importance of local communities around our services. Fundraising and voluntary income remains key to our aim of increasing independence and quality of life for disabled people living with us and receiving our care. Thank you to everyone who chose to support Leonard Cheshire over the past year, your support is vital to our work. Here are a few highlights of what your support has helped to achieve:

Every Step Counts!

On 27 April 2025, a record breaking number of runners hit the streets of London for the 45th edition of the London Marathon. Leonard Cheshire's London Marathon team this year was made up of 54 runners, who together raised an incredible figure of over £110,000.

While these runners took part in the largest marathon ever, every day our supporters across the country are doing their own extraordinary things and taking part in their own challenges to raise money to support our work. We are so grateful to each and every one of our supporters, and the impact that their fundraising makes can be seen across our services every day - for example, funds raised by our supporters have helped to fund the rollout of vital and life-changing assistive technology via our Northeast Hub.

As we approach our 20th year of partnership with Howdens, we want to thank them and all of our corporate partners who have supported us with almost £57,000 worth of gifts and gifts-in-kind this year. 7 of our services benefitted from Howdens' generosity this year, with £32,000 worth of kitchen kit and renovations.

Leonard Cheshire's Legacy

Leonard Cheshire, the man who created our charity, also created an incredible legacy. His legacy still shines through; more than 76 years on from the founding of the charity, those who remember the man, or have benefitted from the charity he founded, show their appreciation through a gift in their Will.

The probate delays of the previous year have come to an end, and Leonard Cheshire received £2.6m (2024: £1.81m) from supporters who remembered Leonard Cheshire in their Wills. Their gifts will continue supporting disabled people well into the future, for which we are eternally grateful.

Compliance with Fundraising Standards

Safeguarding people in vulnerable circumstances is a key priority for us. We understand that some individuals we engage with may be in a vulnerable position or may not always have full capacity to make an informed decision about donating. We are committed to acting responsibly and in line with recognised best practice when interacting with anyone who may be at risk or in a potentially vulnerable situation. As per our Policy, Leonard Cheshire will not accept donations where there are reasons to believe the donor may be experiencing vulnerable circumstances.

In 2024/25 we received 4 complaints regarding our fundraising activities (2023/24: 3). None required escalation or referral to external organisations, and all were dealt with internally. Leonard Cheshire is a member of and abides by the standards set by the Fundraising Regulator, the Chartered Institute of Fundraising (CIoF) and the Direct Marketing Association (DMA). All required schemes and standards were complied with.

- £110,000+ Thanks to our 54 London Marathon runners who raised over £110,000 to support Leonard Cheshire's work with disabled people.

- £2.6m The amount we received from our amazing supporters who remembered Leonard Cheshire in their Will.

Running for Change: Anna's London Marathon Journey for Leonard Cheshire

When Anna decided to run the London Marathon, it was about more than the challenge or the medal. Inspired by Leonard Cheshire's work, she aimed to raise money and awareness for a cause close to her heart. "Leonard Cheshire supports situations that could happen to any of us if our lives were suddenly turned upside down," Anna says. "I wanted to do something meaningful."

Anna trained with determination, completing seven half marathons in the lead-up and gradually increasing her distance. On marathon day, she faced unexpected heat but stayed strong, finishing in 4 hours and 17 minutes, raising over £2,000 for Leonard Cheshire. The London crowd provided incredible support, and seeing her fiancé and children at the finish line was unforgettable.

The experience left such a mark that her son made her promise to run it again with him in 10 years when he turns 19.

"Leonard Cheshire, we'll be back to support you again then!" Anna promises.

Our People

At the end of 2024/25, we employed 3,770 people across our UK organisation, with 94% being employed in frontline social care services. Headcount is 8.8% down from the prior year due to a mix of the closure of services, implementation of new operating models within our frontline services and the removal of roles within support functions.

We continued with our pause on all central activity around the recruitment and coordination of volunteers. Services have started to locally source and manage volunteers providing their time across areas including driving, activities, gardening and administrative support.

Our New Operating Model across all our English residential and nursing services went live in two phases on the 1 April and 1 July 2024, covering over 2,000 employees. Building on the reassessment of the care needs of every person we support, we implemented changes to our shift patterns, handover times and breaks and the realignment of our ancillary roles to the needs of the service.

Across our Scottish services we undertook a separate set of consultations in three phases, streamlining our leadership structure at a regional and service level, bringing consistency across our handovers and breaks and finally restructuring our domestic and maintenance teams. In total circa 1,100 staff were consulted with across the three phases.

Elsewhere we sold many of our Welsh services, with staff transferring to the new provider under TUPE legislation. We also withdrew from the Isle of Man during the year having made the decision not to bid for the renewal of the outreach or supported living contracts. There were three services closed during the year with staff made redundant where redeployment was not possible.

We have once again seen a significant number of employee relations cases, which we have continued to robustly defend, up to and including at employment tribunal.

During the year we were audited by the Home Office in relation to our visa sponsorship employees with checks around modern slavery, our documentation and compliance with the visa scheme rules. Wider checks around our right to work documentation and processes for our non-British and Irish employees were also undertaken during the extensive audit. We retained our visa sponsored licence and with no issues raised regarding our Right to Work checks.

During the year we continued work on our people and culture strategy to support the identification and delivery of the changes needed from our recovery plan, the achievement of our strategic objectives and a new organisational culture. Our strategy broke down into four organisational areas of focus:

Registered Manager Development and Retention

Our new induction process implemented aligned to the Skills for Care competency standards framework and assessment tool. We also enhanced our range of learning support and solutions available to our managers.

Recruitment Attraction and Selection

The focus on improving the attraction of candidates has included the following over the year:

- Review of our recruitment channels, identifying ways to build our presence within the market.
- Increasing our reach, using alternative sources and optimising sponsorship visa route.
- Building our employer brand and amplifying our employee offering.
- Building our identity as an inclusive employer, strengthening our messaging around equality, diversity and inclusion, with a particular focus on disability.

With regards to improving our selection processes this focus has been:

- Enhancing the applicant experience.
- Improving the quality and consistency of the selection process.
- Equipping our recruiting managers through training and empowering them to make timely and effective decisions.

Performance Development

Our focus over the past year has been on changing the focus of our performance development policy and practices to strengthen the emphasis on employee development, shifting to a more agile process and broadening the scope of employee engagement. We have been working towards a more positive workplace culture through:

- Developing employee performance in line with our vision, values, and objectives.
- Supporting employees achieving high levels of performance, with a focus on improvement.
- Helping employees feel valued and are encouraged to develop in line with potential.
- Ensuring employees have the support and guidance needed to perform effectively.
- Monitoring and managing performance levels, acknowledging good performance and addressing areas of poor performance, with a view to improvement.

Developing our Culture

We ran our first full employee survey since 2019 and recorded an overall engagement score of 70, against an external sector benchmark of 72. Organisationally our action plan from the survey focused on:

- Leadership & Direction: Clarity of Leonard Cheshire's purpose, future strategy, and operating model to achieve this. Holding regular, engaging, open and honest communications.

- Engage, Recognition & Empower: Identify and own our inefficiencies which are causing unnecessary stress and work, bring clarity and change to these areas through clear communications, recognising and thanking colleagues.

- Operate as one team: Executive Team ownership and presence as a single voice and team, driving/influencing the view, beliefs, and trust of colleagues across the whole organisation in our future. Leading the organisation and colleagues through the change.

We have also focused on improving the Health and Wellbeing support offered to our employees through our approach, offering and support provided. We have had a particular focus on Financial Wellbeing and broadening our benefits to include WageStream and new, additional, Employee Assistance offerings.

Recruitment

The care sector continues to be a challenging and competitive to recruit within, with the sector continuing to see saturation of vacancies and uncertainty around the future of overseas sponsorship.

We have seen a reduced number of applications and offers over the year, which in part is down to our reduced number of Services but also the challenges in attracting candidates into the sector. Over the financial year, we hired and onboarded just under 1,000 new front workers into our Services.

We continued our Trustee recruitment, complementing our Board with Digital and Care leadership expertise and experience.

We continue to offer interviews to all disabled applicants and provide reasonable adjustments both during the application process and within the workplace for all successful candidates. Our benefits also include additional support to disabled persons through our Disability Sickness and Disability Leave Support.

Colleague Networks

We have a range of colleague networks aimed at strengthening communication and engagement across the workplace.

Equality, Diversity, and Inclusion (EDI) networks

Our aim is to create a diverse and inclusive workplace, where colleagues feel able to be themselves and valued for their individual contribution. We have three employee-led EDI networks:

- Disability Employee Network (DEN)
- Women's Network
- Cultural Diversity and Inclusion (CDI) Network

We have continued working with our networks over the past year to support them to build the strength and reach of these networks to our colleagues.

The Women's Network achieved success following their relaunch at the start of 2024 with several well attended sessions throughout the year.

We received reaccreditation of our Disability Confident Leader status, which we have now held since 2018, demonstrating that our processes, practices, and policies support the recruitment and development of our disabled employees.

Colleague Support Network

The relaunch of the Staff Association into the Colleague Support Network has been well received by employees with new representatives coming forward. A key driver of the change was to move the forum to one of two-way communication, feedback, and positive, proactive engagement on change with colleagues. In addition to the name, branding, and positioning of the new network, the operating structures were reviewed, roles and responsibilities clarified, documented and the Terms of Reference and handbook were updated.
A training package was created and launched specifically for representatives, with 88 training sessions, spread over 16 different courses completed.

Developing our People

We continue striving to optimise the Apprenticeship Levy, supporting colleagues to gain job related skills and knowledge, as well as accredited qualifications.

Within England we have offered 15 different apprenticeship qualifications, ranging from Level 2 to Level 7 and across Scotland we have provided Level 6, Level 7 and Level 9 Health and Social Care Scottish vocational qualifications along with Level 7 management qualifications to enable staff to meet their registration requirements for Scottish Social Services Council.

The 15 different subjects across frontline and support services roles:
- Adult care worker, Level: 2
- Business Administration: Level 3
- Data protection and information governance practitioner, Level 4
- Data technician, Level: 3
- Facilities management supervisor, Level: 3
- Facilities manager, Level: 4
- Lead adult care worker, Level: 3
- Lead practitioner in adult care, Level: 4
- Leader in adult care, Level: 5
- Learning and skills teacher, Level: 5
- Operations or departmental manager, Level: 5
- People Professional Level 5
- Property maintenance operative, Level: 2
- Senior Leader Apprenticeship Level 7 (with Rosalind Franklin Programme)
- Senior people professional, Level: 7

Financial Review

Our results for the 12 months ending 31 March 2025 include the results of our subsidiaries which are detailed further in Note 16, alongside a description of the principal activity of the subsidiaries. Our overall surplus of £0.7m, which includes the proceeds of asset sales, compares to a surplus of £0.5m in 2023/24 and continues the improvements Leonard Cheshire has achieved in financial stability since 2022/23 when a deficit of £11.1m was recorded. Key initiatives, which were implemented in 2023/24, are underway and include maintaining sufficient capital reserves and continuing with a transformation programme to ensure Leonard Cheshire has a platform for future financial stability and delivery of its modernisation programme. We continue to make improvements and the Board has responded to the issues raised as part of the Charity’s Commission Statutory Inquiry. This is discussed further below.

Total income of £141.2m shows a reduction on prior year (2023/24 - £151.8m) due to the closure of a number of services and disposal of assets in line with our strategies for financial stability. As in prior years, most of our income was received for providing social care services within the United Kingdom to support disabled people to live independent lives. Social Care income reduced to £131.4m (2023/24 - £139.5m) with net expenditure of £6.8m reducing by £1.0m from prior year (2023/24 - £7.8m).

Programme related income reduced to £0.8m (2023/24: £1.1m) following a cessation of international activities during the prior year. Net programme expenditure remained at £0.3m (2023/24: £0.3m). Income from donations and legacies increased by £0.4m to £3.4m (2023/24: £3.0m) with an increased proportion received from legacies; the cost of raising funds decreased resulting in the net surplus from such activities increasing to £2.8m (2023/24: £2.0m). Non-charitable income of £0.3m related to the pension termination surplus in the year (2023/24: £0.5m, being the release of Covid grants from deferred income) and investment income increased to £1.1m (2023/24: £0.3m) due to increased cash held on deposit in 2024/25.

A gain on property disposals of £4.1m, (2023/24: £7.4m) as in the prior year, was made in furtherance of our desire to hold higher cash balances. Net charitable expenditure of £7.5m was a £0.8m improvement on 2023/2024. The net movement in funds increased by £0.7m during the year (2023/24: £0.5m).

Cash held at 31st March 2025 of £26.7m is substantially higher than last year (2023/24: £17.2m) due primarily to the asset disposal programme. Excluding £1.7m of service users' funds held in trust, £25.0m of Leonard Cheshire's cash was held across current and interest earning deposit accounts, including a bank account opened in April 2022 containing £4.2m of receipts where there are donor restrictions on how the money is spent.

Overall funds at 31st March 2025 increased to £85.7m (31st March 2024: £84.2m), the bulk of which was held in property assets (including net book value of freehold land & building of £40.6m). Unrestricted income reserves increased to £76.9m (2023/24: £60.6m) and Restricted funds decreased by £15.5m to £7.2m (2023/24: £22.7m) of which £4.2m (2023/24: £1.7m) was held in cash. This reduction was driven by a review of historical transactions and reclassification of expenditure to the correct funds within restricted and unrestricted. A cash replenishment programme has continued whereby all restricted income received in cash by Leonard Cheshire, remaining unspent, is to be held in a separate bank account. In July 2025 the final transfer of £0.73m was made to replenish the restricted cash bank account to the full level required.

Restricted Reserves

Following several years of over spending on projects and expansion of activity ahead of increased income, an accumulation of net deficits resulted in cash reserves falling below a critical level. This led to the previous Board of Trustees filing a serious incident report with the Charity Commission in April 2022 that resulted in the Charity Commission opening a Statutory Inquiry in December 2022.

At the time of publication, the Inquiry is ongoing, and the Charity Commission has not published a final report.

During the Statutory Inquiry the Charity Commission became aware that cash donated as restricted funds had been spent for general purposes in addition to the use of general reserves.

These events predate the current Board, who are committed to being transparent about the historical events. The current Board of Trustees and Executive have fully co-operated with the Statutory Inquiry in an open and transparent way, and made addressing the historical issues a priority.

The charity, led by the Board of Trustees, has taken several significant actions:
a. Commenced a 3-year Recovery Plan.
b. Strengthened financial controls.
c. Strengthened the governance frameworks and practices.
d. Performed a comprehensive review to ensure that restricted income has been correctly recorded and expenditure correctly allocated against it.
e. Commenced replenishing restricted reserves with cash.

A Board Resolution was passed in October 2024 endorsing the plan and methodology for replenishing liquid restricted reserves within 3 years, i.e. by 1 July 2027, with the reinstated cash funds being used as specified by the donors.

Due to historically poor IT systems and finance processes, the charity was not able to identify all eligible expenditure related to specific restricted funds, resulting in an understatement of expenditure on restricted activities. We have completed detailed analysis of movements in restricted funds resulting in the restricted reserves falling to £7.2m at 24/25 year end after reallocations of £13.6m following a detailed review of expenditure.

In July 2025 the final replenishment payment of £0.73m was made into the restricted funds bank account.

Reserves Policy Statement

Leonard Cheshire maintains an approved Reserves Policy to ensure financial resilience and long-term sustainability. The policy requires the retention of an operational reserve comprising readily accessible, unrestricted funds. These reserves provide protection against financial uncertainty, support the charity's ability to respond to unforeseen events, and enable continued investment in the sustainability and improvement of services.

The Trustees have determined that a prudent level of reserves should be equivalent to between three and six months of net core operating expenditure. Net core operating expenditure is the cost of running LCD's services and other operations, adjusted for reliable recurring income from secure commissioning contracts and self-billing arrangements. This range reflects consideration of the risks associated with Leonard Cheshire's income streams, potential unexpected costs (such as major capital repairs or regulatory requirements), and the organisation's ongoing operational commitments. Maintaining reserves within this range ensures that Leonard Cheshire can continue delivering essential services even during periods of financial or operational disruption.

At 31 March 2025, free reserves (defined as unrestricted funds excluding those tied up in fixed assets and designated funds) stood at £19.2 million, equivalent to approximately 6 months of core operating expenditure. This level is slightly above the upper level of the target range set by the Trustees. In line with the Reserves Policy, the Trustees have agreed a plan to invest surplus free reserves in service modernisation. It is also noted that in calculating reserve coverage, core operating expenditure is partially offset by recurring income from service contracts, which helps to mitigate financial risk and support ongoing operational stability.

Going Concern

In accordance with the Charities Statement of Recommended Practice (SORP 2019) and Financial Reporting Standard 102, the Trustees have assessed the Charity's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

As part of this assessment, the Trustees have considered the Charity's financial position, future plans, and the principal risks and uncertainties facing the organisation. This includes a review of:

- The latest financial forecasts and cash flow projections, including sensitivity analysis on key assumptions.
- The strategic plan for service modernisation and estate reconfiguration.
- The timing and value of planned disposals of non-core services.
- The capital investment programme and associated funding strategy.
- The adequacy of the Charity's reserves and liquid funds.
- Wider sector risks including workforce pressures, inflation, commissioning trends, and regulatory changes.

The Trustees have approved a multi-year capital investment programme intended to modernise the Charity's estate and improve the quality, sustainability, and impact of its services. The programme is funded through a combination of operational surpluses (cash generated from operating surplus is forecast at £31m) and planned disposals, with over £40 million of disposal proceeds expected between FY25/26 and FY30/31. Capital investment over the same period totals approximately £79 million.

Despite the scale of investment, the Charity is forecast to maintain a positive cash position and adequate unrestricted reserves throughout the planning period. Cash balances are projected to always remain above £20 million, with sufficient headroom to absorb adverse financial scenarios. A prudent approach has been taken in forecasting income, cost inflation, and investment phasing, with flexibility to adjust timing if required.

The Trustees are satisfied that the Charity has appropriate systems of financial management and risk control, and that it is able to respond effectively to changing circumstances through phased delivery of its investment programme, efficiency measures, and close engagement with commissioners and regulators.

Based on this assessment, the Trustees have concluded that there are no material uncertainties that cast significant doubt on the Charity's ability to continue as a going concern. The financial statements are therefore prepared on the going concern basis.

Principal Risks and Uncertainties

The Trustees are ultimately responsible for risk management. This year, the risk agenda again focuses on financial recovery and associated measures, as well as care quality and future strategy. The ongoing underfunding by central government of social care across the sector remains a concern for us and other providers. Recent policy decisions around Employer National Insurance and National Wage have resulted in additional costs which must be funded.

Fee negotiations with local authorities are progressing based on the actual cost of care provision, including the changing needs of service users and inflationary impacts.

The financial risk management objective is to consolidate the portfolio to achieve a financially sustainable operation. We have strengthened our resources in the areas of quality, safeguarding and regulatory compliance. Where we have exited from services, we have done so in a way that is responsible, seeking to achieve the best outcomes for residents through working with partners.

The Board of Trustees retains overall responsibility for ensuring that Leonard Cheshire maintains robust systems of internal control, risk management, and audit to manage risk effectively and make the most of opportunities. Consideration of risk and opportunity is embedded in our decision-making, planning, and performance monitoring.

The Board approves the Corporate Risk Register, including the organisation's Risk Appetite across different risk categories. The Executive Team continuously monitors risks and implements mitigations, while each Board Committee reviews the risks relevant to its delegated areas of responsibility. The Board of Trustees maintains oversight of the full Corporate Risk Register. The Audit, Risk and Finance Committee has delegated authority to ensure that the risk management framework remains effective and approves and oversees the internal audit programme, which addresses key risk areas.

Our most significant risks and mitigating actions are set out in the following table, in no particular order:

Potential risk:	Action taken to mitigate:
Insufficient funding to support care services	- Regular monitoring of local authority fees and payments, with plan focused on securing inflationary fee uplifts and fee recovery. - Individual care needs assessment defined to identify required fee increases in line with care needs. - Robust negotiations with local authorities. - Continued regular monitoring of agency staff usage, with focus on targeted recruitment strategy and colleague retention through training, career development, wellbeing and other programmes. - Future strategy further defined with input from external expertise and key stakeholders. Primary focus on nursing for disabled people with acute needs and supported living, building on our strengths.

	- Active engagement in Government policy discussions around reform of social care and future funding.
Loss of public trust	- Ongoing review of Governance frameworks and policies, ensuring continued alignment with Charity Governance Code. - All policies and guidelines have been updated. Mechanisms in place for ongoing monitoring of compliance with policies and guidelines, Board and Committee approval levels, operational quality and safety. - Compliance with relevant regulations and proactive engagement with regulators, including proactive cooperation with the Charity Commission on the Statutory Inquiry. Proactive management of media, government, and civil society relationships.
Failure to meet safe quality standards	- Ongoing delivery of projects aimed at strengthening: a) people (capacity, capability, culture), b) practices (policies, guidelines, training, monitoring), c) tools (digital care plans, medication system). - Programme of internal audits and service reviews, with delivery of improvement plans by services supported by specialist quality teams. - Use real-time data to detect quality issues early. - Rigorous safeguarding, serious incident, health and safety, recruitment, and whistle blowing procedures in place. - Executive and Quality & Safety Committee oversight.
Serious breach of information or cyber security; failure to uphold rights of all individual data subjects	- Started roll out of our Digital Social Care Records programme. - Retired several unsupported legacy systems and replaced and upgraded out of date hardware. - Widened the roll-out of identify management, single sign-on, and MFA. - Provided training from the Better Security, Better Care programme. Contracted with Wanstor to provide a managed endpoint security service.
Failure to manage 3-year Recovery Plan such that cost savings are not realised or adverse outcomes to service delivery are experienced	- Recovery plan continuing to deliver savings and funding agreed with Board. - Monthly monitoring of key deliverables by Executive and Quarterly by Board. - Continuing to strengthen financial controls with external advisors, with implementation of enhanced management reporting and financial systems.
Not maintaining a clear focus on developing future strategy of organisation and priorities alongside recovery plan	- Board continuing to be engaged in developing future strategy. - Ongoing consultation with local authorities and ICBs on their expectations for future care provision and areas of strategic priority. - Future focus of strategy defined and agreed by Board. - External consultations engaged in review of portfolio and alignment to future strategy with 5-10 year plan.
Unforeseen circumstances result in cash being required for other key priorities	- The Going Concern model is updated annually as part of statutory audit, on basis of worse case, likely case and best case, and realistic downside assumptions are factored in. - Assumptions within the Going Concern are monitored on an ongoing basis, both internally and with external advisors. - Quarterly forecasting is undertaken.

Plans for Future Periods

Leonard Cheshire is on a journey of modernisation as we reshape and resize the charity for the future, so it is sustainable and remains relevant.

Important steps forward in 2024/25 built on the progress made. You can see in other parts of this report how we have performed against our key priorities for the year.

The full modernisation of the charity and its services will take time. Fully achieving our ambitions for our care provision, transforming what we currently deliver, is a long-term project.

At the end of 2024/25, important milestones had been met as work to strengthen the financial position of the organisation, putting in place the foundations for future success. Further funds for future investment were generated and progress towards the digitalisation of services was made. This important activity, a significant investment in our care delivery and quality of provision, will continue at pace during 2025/26.

In the long-term, we want to push the boundaries of what is possible in social care delivery, as we focus on specialist nursing care, particularly for individuals with complex needs and high-level physical disabilities. Wider assistive technology use at our services, and new types of provision to meet the supported living needs and preferences of younger generations of disabled people, are key parts of our vision for the future. We must build funds for responsible investment so we are in a position to make the most of new opportunities in years to come.

It remains the case that social care providers such as Leonard Cheshire continue to face significant challenges because of the current funding environment. Most of our income is derived from our provision of publicly funded social care so we are acutely exposed to the financial pressures many local authorities are under – with demand for care provision continuing to rise. We have extremely limited options to raise the level of funding necessary for widespread modernisation of our provision, through investment in buildings, technology, our offer to staff or new services.

As well as reducing our staffing and other costs where we can, we will continue to strategically exit some provision to release funds that can help us improve the quality and impact of our services for disabled people. This consolidation, however hard, is essential if we are to achieve our ambitions for services, helping us to fundamentally transform the support available to disabled people where we operate.

In 2024/25, working closely with Trustees, we used external specialist sector and other expertise to further shape our longer term strategy. Additional activity to refine and agree key elements of our strategic direction will continue in 2025/26.

Social care reform and funding remain our priority advocacy areas. In coalitions and independently, we will continue to work with disabled people to push government and local authorities for positive changes in policies and funding.

Our plans for the next period remain broadly the same in key areas, with some refinement.

1. Continue to prioritise safe, effective delivery of care and support

a. Further rollout of digital care planning and medications management across services.
b. Continue momentum to control and reduce agency worker reliance.
c. Responsibly exit from services where quality improvements are unsustainable.

2. Successful delivery of key measures of recovery plan by the end of 2025/26

a. Complete our strategic exit from our provision in Wales, transferring ownership of last remaining service. Transfer delivery of our Alcohol Related Brain Injury Unit to another reputable provider.

b. Continue to build funds for ongoing operational reserves requirements, future modernisation and investment needs.
c. Implement targeted staff reductions in support functions, reducing costs and supporting operational surpluses in coming years.

3. Refine and agree long-term strategy

a. During 2025/26 we will further refine our strategic objectives for the future, aligned to the latest information on changing market needs, local authority expectations and meeting the needs of younger disabled people.
b. Undertake further detailed analysis external expertise to identify and put in place the foundations for future strategic success.

4. Lobby and campaign for positive change in key government policy agendas that impact disabled people's daily lives

a. Work independently and as part of coalitions to influence positive policy commitments from government, ensuring change is delivered and funding needs are prioritised.
b. Continue to be a strong advocate for social care reform and other policy agendas that intersect, such as social security reform.
c. Guided by our Engagement Steering Group, continue to develop and pilot a new engagement model for Leonard Cheshire to ensure meaningful engagement with people who draw on our services and beyond to:

- strengthen our service proposition
- inform future strategy and
- ensure our policy and advocacy is rooted in lived experience.

Streamlined Energy and Carbon Reporting

Environmental Intentions

Leonard Cheshire recognises the pressing global challenges of climate change and the charity's responsibility to minimise its environmental impact. We remain committed to reducing our energy, fuel, water, and waste consumption while maintaining our focus on sustainability. Additionally, we are acutely aware that individuals with disabilities are disproportionately affected by climate change and are more vulnerable to its adverse effects.

Environmental Approach

We recognise the importance of environmental responsibility and aim to reduce our carbon footprint, operate sustainably, and minimise waste in all our operations.

Key Actions:

- Reduce energy usage in our facilities by investing in energy-efficient technologies and adopting renewable energy sources.
- Implement sustainable procurement practices by choosing environmentally friendly suppliers and products along with procuring renewable energy.
- Promote recycling and waste reduction initiatives across all offices, care homes, and service locations.

During 2024/25, we continued to build upon our previous initiatives, delivering tangible results through our Net Zero Values:

- Promote recycling and waste reduction initiatives across all offices, care homes, and service locations.
- Prioritising the maintenance of existing resources to ensure efficient output.

- Working with suppliers to improve reporting on waste performance to evidence how we are making a positive impact on waste management. Our recycling percentage in April is at 49.2%, this is steady increase from the 31.6% as of April last year and is due to a concerted programme of communication to make better use of the recycling and food bins. We can see good evidence of the increase in food waste; in April 2024 food weights were at 2,892KG whereas in April 2025 it has risen to 9,315KG.
- Increasing requirements on suppliers regarding net zero commitments.
- Procuring renewable energy through our supply chain to have a positive impact on reducing our carbon footprint.
- Minimising waste production through better procurement and waste management.
- Ensuring efficient resource utilisation.
- Increasing self-generated energy capabilities.
- Offsetting unavoidable carbon emissions.

2024/25 Progress

Since our baseline reporting period of 2019/20, Leonard Cheshire has delivered a cumulative reduction in emissions. For the 2024/25 reporting year:

We achieved a 23.7% overall carbon reduction over the year, equating to 1864 tCO_2e.

Scope 1 Emissions: Continued reductions due to the consolidation of service premises and the sustained practice of home working for office based staff.

New efficient gas boilers were installed where replacements were necessary, further lowering emissions.

Scope 2 Emissions: Further declines were achieved by:

- Implementing advanced heating control systems and smart metering.
- Expanding the use of motion detection lighting and timers.
- Continued reduced energy use in office spaces due to hybrid working arrangements.
- LED lighting was installed replacing older less efficient fittings when fittings failed as well as LED roll outs as part of improvement works.

Scope 3 Emissions: Further declines were achieved by:

There was positive movement on reducing personal vehicle travel from previous years linked to the use of public transport and increased hybrid working set ups. Reduced employee numbers would have contributed to this along with the reduction in Company Vehicles from previous years. A reduction in company car provisions, resulting in employees using personal vehicles for work-related travel had an impact on these figures reducing further.

These improvements are anticipated to increase in future years, supported by our ongoing investment in digital solutions that reduce the need for travel.

Looking Forward to 2025/26

We will:

- Reduce energy usage in our facilities by investing in energy-efficient technologies and adopting renewable energy sources.
- Implement sustainable procurement practices by choosing environmentally friendly suppliers and products. Using online portals from suppliers to monitor and manage energy use helps us to analyse data to support strategic investment into infrastructure for continued reduction in carbon emissions.

- Promote recycling and waste reduction initiatives across all offices, care homes, and service locations. A successful waste management strategy provides economic and environmental benefits by diverting waste from landfill, and into revenue streams. Waste diverted from landfill can be used to generate renewable energy as well as Grade-A recyclables resulting in a reduced level of potent Green House Gas (GHG) emissions such as Methane and Carbon Dioxide.

By maintaining our commitment to sustainability, Leonard Cheshire strives to reduce its environmental footprint while continuing to support and empower individuals with disabilities. Our further progress in 2024/25 underscores our dedication to achieving Net Zero by 2050.

Carbon footprint (Greenhouse gas emissions)

		2024/25	2023/24	Baseline	YOY Variation
Type of emissions	**Activity**	**tCO2e**	**tCO2e**	**tCO2e**	**%**
Direct (Scope 1)	Services Gas	2,827	4,351	4,026	-35.0%
	Services Oil	910	1,120	1,295	-18.7%
	Services LPG	719	684	555	5.1%
	Company Vehicle	126	176	290	-28.2%
Energy Indirect (Scope 2)	Services Electricity	1,232	1,342	2,361.0	-8.3%
Other Indirect (Scope 3)	Personal Vehicle	184	188	714	-2.5%
Total gross emissions (tCO2e)		**5,997**	**7,861**	**9,241**	
Total energy consumed (kWh)		29,733,062	39,506,404		

Intensity metric

Number of employees (FTE's)	2606.0	3019.0	3822.0
Tonnes of CO2e per employee	2.30	2.60	2.42

Assessment parameters

Baseline year	1 April 2020–31 March 2021
Reporting organisation	Leonard Cheshire Disability
Reporting period covered	1 April 2024–31 March 2025
Organisational boundaries	Location based emissions under operational control
Methodology used	These calculations were conducted using the GHG Reporting Protocol – Corporate Standard. GHG emissions are calculated in accordance with the UK government's reporting guidelines for company reporting and 2024 GHG conversion factors for company reporting were used. Reporting represents location based emissions where Leonard Cheshire have operational control. Data feeding the reporting has been gathered from supplier data along with internal records and where incomplete data sets have been found, estimates have been included by extrapolating the comparative data where we have full information available.
External verification	Energy Managers Association Lead Assessor

Structure, Governance and Management

Registration

The registered name of the Charity is Leonard Cheshire Disability. The Charity is a charitable company limited by guarantee and was incorporated in England and Wales on 3 August 1955. The registered charity number is 218186 and the registered company number is 552847. The Charity is also present in Scotland, and the Scottish registered charity number is SC005117. The address of the registered office is Regus, The News Building, 3rd Floor, 3 London Bridge Street, London SE1 9SG. It is governed by the Memorandum and Articles of Association, which were last amended on 22 February 2023.

Objects and public benefit

The objects of the Charity are to relieve the consequences of physical and/or mental disability by the provision, in the United Kingdom and overseas, of accommodation, services and support for the spiritual, social, physical and mental wellbeing of disabled people, by such means as are charitable, whatever their race, nationality, creed, sex or age.

The Trustees, in exercising their powers and duties, have complied with their duty in section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission. In preparing the report and accounts, the Trustees have complied with the requirements set out in that guidance to report on the significant activities and achievements of the charity in 2024/25. They have reported in a way that both sets out the aims and strategies of the Charity and demonstrates how the aims and activities of the Charity were carried out for the public benefit. Details of our charitable activities, achievements and performance are included in our Trustees' Report, including the Strategic Report.

Governance and operating structure

The **Board of Trustees** (the 'Board') meets at least four times a year.

Each year, it approves the annual budget and reviews the strategic plan of the Charity. Trustees set the strategic direction for the Charity. The Board of Trustees have delegated authority to the Chief Executive to manage the affairs of the Charity within the Leonard Cheshire strategy, reporting against the agreed objectives. The Chief Executive is supported by an Executive Team, all of whom are officers of the Charity.

Individual Trustees also take reasonable steps to ensure there is regular contact between the Trustees, staff and volunteers who are responsible for the people who use our services at a local level.

At the commencement of 2024/25, there are four board committees comprising: Audit, Risk and Finance, People and Operations, Remuneration and Nominations, and Quality and Safety.

The **People and Operations Committee** is chaired by Valerie Todd. The Committee meets at least four times per year. It is responsible for:

– Monitoring the cultural health of the organisation and employee satisfaction with the aim of being a best-in-class employer of choice.
– Maintaining an overview of people and operations - related policies and practices in relation to all staff.
– Overseeing the development and delivery of the organisation's People Strategy, including recruitment, remuneration, training and development, and health and wellbeing.

The Committee approves the pay review evaluation and pay increases for staff in general. This is based on the principles of transparency, equity and fairness.

The **Quality and Safety Committee** is chaired by Julian Spurling. The Committee meets at least four times per year. It is responsible for:

- Ensuring that the delivery of quality of service, compliance and care to the individual is a key focus of our activity.
- Making safety, effectiveness and customer experience central to the development, delivery and measurement of our services, by assessing care quality, customer and staff experience measurement data.
- Ensuring that learning and development needs are identified and appropriately met.
- Supporting innovation and the development of new care pathways.
- Ensuring that performance standards and policy changes relating to quality, healthcare and social outcomes are met.
- Receiving and considering reports relating to serious incidents in the provision of social care services.

The **Audit, Risk and Finance Committee** is chaired by Stephen Billingham. The Committee meets at least four times per year and combines the responsibilities of the former Audit and Risk Committee, and Finance Committee, including:

- Ensuring that robust financial reporting, risk management and internal control principles are applied and are adequate.
- Reviewing policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.
- Considering the appointment, remuneration, effectiveness, and independence of internal and external auditors.
- Monitoring the integrity of the required statements to regulators, reviewing significant financial reporting issues and judgments contained therein.
- Recommending to the Board the longer-term business plan, the annual budget and annual business plans, and the quarterly forecasts, including cash flow.
- Monitoring the financial performance of the Charity and ensuring that significant issues are being appropriately dealt with by management.
- Approving those financial transactions that are not within the delegated authority of the Chief Executive, and where appropriate, to seek endorsement from the Board, where the policies of the Charity stipulate such approval is needed.
- Recommending financial policies that are reserved to the Board, including the reserves policy.

The **Remuneration and Nominations Committee** is chaired by Neil Goulden. The Committee meets on an as-required basis. It is responsible for:

- Overseeing and planning Board and Committee governance arrangements related to membership, succession, composition, skills, training, diversity and appraisal of Trustees and the CEO.
- Monitoring and ensuring an effective Board composition, including identifying and recommending new members of the Board, succession planning, Trustee skills assessment and mapping of skills to corporate needs.
- Overseeing strategy for reward and remuneration of Executive Team members.

In reviewing the pay of our Key Management Personnel we ensure that pay for this group is proportional, justifiable, and defensible. In line with good practice, market benchmarking is undertaken to assess the current positioning of the groups pay in the market.

The Brightmine pay survey (not-for-profit sector) is used as our primary source, a highly credible survey, widely used in our sector to assess market pay. The major charities are well-represented in the survey, which includes data for over 350 organisations in the charity sector. In addition, a qualitative review of a range of published executive pay information is undertaken, by consulting financial reports of a range of large and medium-scale charities. Where executive pay information is available, data from appropriate care and disability-related organisations has been included in this exercise.

Director duties statement
Trustees, as directors of Leonard Cheshire, must act in accordance with a general set of duties, laid down in law and guidance from regulators. Trustees are obliged to report on how they have complied with their duty in regard to matters in section 172 (1) (a)-(f) of the Companies Act 2006 ('the Act').

In summary a director of a charitable company must act in a way he or she considers, in good faith, would be most likely to promote the success of the charity and the achievement of its charitable purposes. In doing this, a director would need to consider, amongst other things:

– The likely consequences of any decision in the long term.
– The interests of the company's employees.
– The Trustees have had regard to the need to foster the business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the charity during the financial year.
– The impact of the company's operations on the community and the environment.
– The desirability of the company maintaining a reputation for high standards of business conduct; and
– The need to act fairly as between members of the company.

Upon appointment, Leonard Cheshire Trustees receive an induction which includes briefing on their duties. Trustees are directed to further advice, information and guidance via the online Trustee Handbook, including governance documents and past Board papers, Leonard Cheshire staff and our external advisors. Trustees fulfil their duties through the governance framework explained elsewhere in this report, delegating day to day decision making to employees, led by the Chief Executive and Executive Directors.

Delegation to employees is based not only on financial authority, but also on explicit values and behaviours expected of volunteers, staff and other stakeholders. The Board has established measures and structures in place, for example the actions and processes identified against our principal risks to ensure a robust system of control and assurance processes are in operation.

The Trustee Board sets and agrees the overall strategic direction of Leonard Cheshire. This is based on recommendations from the CEO and Executive Team, following appropriate scrutiny and challenge. Trustee decision making considers the Charity's sustainability and long-term success at all times.

Directors maintain the interests of Leonard Cheshire employees and volunteers through its People Strategy and workforce insight initiatives overseen by the People and Operations Committee. We have a strong working relationship with the Colleague Support Network (formerly Staff Association) who continue to play a key role in gathering the views of our colleagues across Leonard Cheshire. The Colleague Support Network Chair is invited to attend the People and Operations Committee.

Policies form part of the suite of Leonard Cheshire protocols and processes to ensure that the Charity is run efficiently and effectively, conforming to high standards in business conduct. Expectations and standards are spelt out in policies, so governance standards are consistent.

The Trustees of Leonard Cheshire are the sole members of the Charity, and the Charity is not run in the interests of the members but in the objects of the Charity.

Appointment and induction of Trustees

All vacancies for Trustees are externally advertised. The Remuneration and Nominations Committee considers prospective Trustees and makes its recommendation to the Board which votes on all new appointments of Trustees.

We place particular emphasis on the representation of disabled people.

New Trustees receive induction material and training, as well as additional training throughout their appointment.

The Trustees review the composition of the Board at regular intervals and decide whether there is a need to change the skill base. Trustees initially serve for a three-year period and then may be re-appointed for a further term of three years. In exceptional circumstances, an additional term of up to three years may be considered.

Emoluments

In 2024/25, Trustees received no emoluments.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision, as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains so. The Charity also purchased and maintained throughout the financial year Trustees', Directors' and Officers' liability insurance in respect of itself and its directors.

Post-balance sheet events

Subsequent to year end, in August 2025, ARBI Belfast was sold for £0.6m (£75k of which was deferred consideration) and in September 2025 Eithinog / Arfon in Wales was sold for £1.3m.

In July 2025, a final transfer of £0.7m was made into a restricted cash bank account to replenish current assets held in restricted funds. This, and the Charity Commission Statutory Inquiry, are discussed further in the Financial Review.

This report was approved and authorised for issue by the Trustees and signed on its behalf by:

Neil Goulden
Chair, Board of Trustees

Date: 28 November 2025

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2025

The Trustees (who are also the Directors of the Company for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the 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 Group and the Company 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 Foundation's auditor is 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 auditor is aware of that information.

Approved by order of the Members of the Board of Trustees and signed on its behalf by:

Neil Goulden
Chair of Trustees

Stephen Billingham
Chair of the Audit, Risk and
Finance Committee; Remuneration
and Nominations Committee

Date: 28 November 2025

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEONARD CHESHIRE DISABILITY

Opinion

We have audited the financial statements of Leonard Cheshire Disability (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2025 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 and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical reviews of budgets and forecasts provided.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEONARD CHESHIRE DISABILITY (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report (incorporating the Strategic Report and Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report (incorporating the Strategic Report and Directors' Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement included in the Trustees' Report, the Trustees (who are also the Directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEONARD CHESHIRE DISABILITY (CONTINUED)

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

Auditor responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management about any instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place;
- Testing the operational effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEONARD CHESHIRE DISABILITY (CONTINUED)

Use of this report

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

Sudhir Singh

Sudhir Singh FCA (Senior Statutory Auditor)
for and on behalf of
MHA
Statutory Auditor
London, United Kingdom

Date: 3 December 2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025

	Note	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000	*Total funds 2024 £000*
Income from:						
Donations and legacies	4	**2,593**	**815**	**-**	**3,408**	*2,968*
Government support - Covid 19		**-**	**-**	**-**	**-**	*544*
Charitable activities	5	**132,021**	**191**	**-**	**132,212**	*140,595*
Other trading activities		**-**	**-**	**-**	**-**	*5*
Pension termination surplus		**319**	**-**	**-**	**319**	*-*
Investments	6	**1,116**	**-**	**-**	**1,116**	*340*
Net gains on fixed asset disposals		**4,095**	**-**	**-**	**4,095**	*7,372*
Total income		**140,144**	**1,006**	**-**	**141,150**	*151,824*
Expenditure on:						
Raising funds	7	**652**	**-**	**-**	**652**	*997*
Charitable activities	8,9	**136,717**	**2,936**	**11**	**139,664**	*148,886*
Total expenditure		**137,369**	**2,936**	**11**	**140,316**	*149,883*
Net gains on investments	15	**1,121**	**-**	**-**	**1,121**	*416*
Net income/(expenditure)		**3,896**	**(1,930)**	**(11)**	**1,955**	*2,357*
Transfers between funds	22	**13,602**	**(13,602)**	**-**	**-**	*-*
Other recognised gains/(losses):						
Impairment of fixed assets	14	**(99)**	**-**	**-**	**(99)**	*-*
Actuarial losses on defined benefit pension schemes	28	**(1,171)**	**-**	**-**	**(1,171)**	*(1,847)*
Net movement in funds		**16,228**	**(15,532)**	**(11)**	**685**	*510*

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

	Note	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000	*Total funds 2024 £000*
Reconciliation of funds:						
Total funds brought forward		**60,630**	**22,687**	**857**	**84,174**	*83,664*
Net movement in funds		**16,228**	**(15,532)**	**(11)**	**685**	*510*
Total funds carried forward		**76,858**	**7,155**	**846**	**84,859**	*84,174*

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 41 to 78 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2025

	Note	2025 £000	2025 £000	*2024 £000*	*2024 £000*
Fixed assets					
Intangible assets	13		**3,167**		*3,734*
Tangible assets	14		**55,232**		*64,287*
Investments	15		**5,583**		*4,327*
			63,982		*72,348*
Current assets					
Debtors: Amounts falling due within one year	17	**11,556**		*16,531*	
Investments	18	**13**		*15*	
Cash at bank and in hand	25	**26,666**		*17,199*	
		38,235		*33,745*	
Current liabilities					
Creditors: Amounts falling due within one year	19	**(13,778)**		*(18,353)*	
Net current assets			**24,457**		*15,392*
Total assets less current liabilities			**88,439**		*87,740*
Creditors: Amounts falling due after more than one year	20		**(125)**		*(330)*
Provisions for liabilities	21		**(3,445)**		*(3,298)*
Net assets excluding pension liability / asset			**84,869**		*84,112*
Defined benefit pension scheme liability / asset	28		**(10)**		*62*
Total net assets			**84,859**		*84,174*
Charity funds					
Endowment funds	22		**846**		*857*
Restricted funds	22		**7,155**		*22,687*
Unrestricted funds	22		**76,858**		*60,630*
Total funds			**84,859**		*84,174*

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2025

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

Neil Goulden
Chair of Trustees

Stephen Billingham
Chair of the Audit, Risk and Finance Committee; Remuneration and Nominations Committee

Date: 28 November 2025

The notes on pages 41 to 78 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 MARCH 2025

	Note	2025 £000	2025 £000	*2024 £000*	*2024 £000*
Fixed assets					
Intangible assets	13		**3,167**		*3,734*
Tangible assets	14		**55,232**		*64,286*
Investments	15		**5,583**		*4,327*
			63,982		*72,347*
Current assets					
Debtors: Amounts falling due after more than one year	17	**273**		*-*	
Debtors: Amounts falling due within one year	17	**9,995**		*14,335*	
Investments	18	**13**		*15*	
Cash at bank and in hand		**26,442**		*17,117*	
		36,723		*31,467*	
Current liabilities					
Creditors: Amounts falling due within one year	19	**(14,337)**		*(18,555)*	
Net current assets			**22,386**		*12,912*
Total assets less current liabilities			**86,368**		*85,259*
Creditors: Amounts falling due after more than one year	20		**(125)**		*(330)*
Provisions for liabilities			**(3,445)**		*(3,294)*
Net assets excluding pension liability / asset			**82,798**		*81,635*
Defined benefit pension scheme liability / asset	28		**(10)**		*62*
Total net assets			**82,788**		*81,697*
Charity funds					
Endowment funds			**846**		*857*
Restricted funds			**7,109**		*22,602*
Unrestricted funds			**74,833**		*58,238*
Total funds			**82,788**		*81,697*

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2025

The Company's net movement in funds for the year was £1,091k *(2024 - £503k)*.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

Neil Goulden
Chair of Trustees

Stephen Billingham
Chair of the Audit, Risk and Finance Committee; Remuneration and Nominations Committee

Date: 28 November 2025

The notes on pages 41 to 78 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £000	*2024 £000*
Cash flows from operating activities			
Net cash used in operating activities	24	**(162)**	*(2,958)*
Cash flows from investing activities			
Bank interest	6	**998**	*262*
Rent from investment properties	6	**118**	*78*
Proceeds from the sale of tangible fixed assets and investment properties		**11,585**	*17,128*
Purchase of tangible fixed assets	14	**(3,072)**	*(1,296)*
Net cash provided by investing activities		**9,629**	*16,172*
Change in cash and cash equivalents in the year		**9,467**	*13,214*
Cash and cash equivalents at the beginning of the year		**17,199**	*3,985*
Cash and cash equivalents at the end of the year	25	**26,666**	*17,199*

The notes on pages 41 to 78 form part of these financial statements

1. General information

The charitable company is a private company limited by guarantee, without share capital, incorporated in England and Wales. The registered number is: 00552847 and the charity number is: 218186.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

The address of the registered office is given in the Charity information on page 1 of these financial statements. The nature of the Charity's operations and principal activities are detailed in the Trustees' Report.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The financial statements have been prepared under the historical cost basis of accounting as modified for the valuation of investments at market value.

Leonard Cheshire Disability meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the Company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Consolidated Group disclosures include the results of services in the United Kingdom and worldwide and central administration up to 31 March 2025. In addition, the results of the wholly owned subsidiaries: The Leonard Cheshire Foundation (Isle of Man) Limited; Leonard Cheshire Trading Limited; Leonard Cheshire Services CIC and Leonard Cheshire International have been consolidated in the Group results. The results of the subsidiaries have been consolidated on a line-by-line basis, and the balances and transactions between Group companies are eliminated on consolidation.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

The accounts have been prepared to give a ‘true and fair view’ and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following the Charities SORP (FRS 102) 2019.

The parent charity has taken advantage of the exemption in FRS 102 from preparing a statement of cash flows, on the basis that it is a qualifying entity, and the Group statement of cash flows included in these financial statements includes the cash flows of the parent charity.

2.2 Going concern

In accordance with the Charities Statement of Recommended Practice (SORP 2019) and Financial Reporting Standard 102, the Trustees have assessed the Charity’s ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

As part of this assessment, the Trustees have considered the Charity’s financial position, future plans, and the principal risks and uncertainties facing the organisation. This includes a review of:

- The latest financial forecasts and cash flow projections, including sensitivity analysis on key assumptions.
- The strategic plan for service modernisation and estate reconfiguration.
- The timing and value of planned disposals of non-core services.
- The capital investment programme and associated funding strategy.
- The adequacy of the Charity’s reserves and liquid funds.
- Wider sector risks including workforce pressures, inflation, commissioning trends, and regulatory changes.

The Trustees have approved a multi-year capital investment programme intended to modernise the Charity’s estate and improve the quality, sustainability, and impact of its services. The programme is funded through a combination of operational surpluses and planned disposals, with over £40 million of disposal proceeds expected between FY25/26 and FY30/31. Capital investment over the same period totals approximately £79 million.

Despite the scale of investment, the Charity is forecast to maintain a positive cash position and adequate unrestricted reserves throughout the planning period. Cash balances are projected to always remain above £20 million, with sufficient headroom to absorb adverse financial scenarios. A prudent approach has been taken in forecasting income, cost inflation, and investment phasing, with flexibility to adjust timing if required.

The Trustees are satisfied that the Charity has appropriate systems of financial management and risk control, and that it is able to respond effectively to changing circumstances through phased delivery of its investment programme, efficiency measures, and close engagement with commissioners and regulators.

Based on this assessment, the Trustees have concluded that there are no material uncertainties that cast significant doubt on the Charity’s ability to continue as a going concern. The financial statements are therefore prepared on the going concern basis.

2. Accounting policies (continued)

2.3 Income

Donations are recognised in income upon receipt. Gift Aid receivable is included in income when there is a valid declaration from the donor and the donation has been received.

Income for our UK and international programme activity is recognised when we are entitled to recognise it as a result of our performance. Income received in advance is deferred, and is included as a liability until the conditions of entitlement are met, at which point the income is recognised and the liability released. Where entitlement occurs before income is received, the income is accrued and included in current assets.

Where the Charity receives gifts of goods or services in kind, of a measurable value to the Charity, the gift is included as both income and expenditure, with both elements recognised in the statement of financial activities when the benefit is received.

Legacy income is recognised from the earliest date of the Charity being notified of an impending distribution following settlement of the estate or the legacy being received, where entitlement is established, and it can be measured with reasonable accuracy.

Entitlement is assumed six months after grant of probate is received and the executor is satisfied that the property in question will not be required to satisfy claims on the estate.

Once entitlement is confirmed, any conditions within the Charity’s control have been met and the executors establish there are sufficient assets to settle the legacy then it is deemed the legacy is probable to be received. Where we are informed that an interim payment will be made, we recognise any remaining income that meets the above criteria; if sufficient uncertainty remains over the remaining amount, then only interim payments will be recognised. Reversionary interests involving a life tenant are not recognised.

Income from charitable activities include social care, which consists of residential care, respite, day care and care at home. Income earned is from the supply of services under contractual arrangements and is recognised when the service has been provided.

Income from other trading activities includes income from trading activities to raise funds for the Charity. To fall within this category the income must be received in exchange for supplying goods and services in order to raise funds for the Charity. Income is recognised when the Charity has entitlement in accordance with the rules set out in FRS 102, the receipt is probable, and the amount is measurable.

Investment income consists of dividends, interest received and rents from investment properties; and is shown gross as the amount received in the year before deduction of any associated costs.

Covid-19 income consists of government support for specific Covid-19 related costs, such as the infection control and the job retention scheme. It has been accounted for as government grant income and is recognised when the Charity has entitlement to the funds and any performance conditions attached to the grants have been met.

Grant income is recognised in the financial statements when the conditions have been fulfilled and the Charity becomes entitled to payment. When a grant is received but the conditions have not been met, recognition is deferred to future accounting periods. Deferred grant income at the year-end is included in creditors.

2. Accounting policies (continued)

2.4 Expenditure

All expenditure is included on an accruals basis and is recognised where there is a legal or constructive obligation to pay.

The cost of raising funds for donations and legacies income is the cost relating to voluntary contributions as well as costs relating to marketing, branding and increasing public awareness of the Charity. The costs of charitable activities include all expenditure directly relating to the objectives of the Charity.

Support costs have been allocated to the cost of raising funds and the appropriate charitable activity in accordance with Charities SORP. These costs include both direct costs, which include those elements of staff and other costs that are directly attributable to specific activities, and centrally incurred support costs.

The total support costs, which also include an element of staff costs, are apportioned across the specific activities in accordance with the number of full-time equivalent employees allocated to each activity during the financial year. The categorisation and allocation of these support costs is detailed in Note 9. They include the costs of all activities not engaged directly in charitable, fundraising or publicity activities.

Governance costs include trustees expenses, trustees insurance, internal/external audit costs and other professional fees, and have been allocated proportionately across charitable activities.

Any irrecoverable VAT is either charged to the SOFA within the item of expense to which it relates or capitalised as part of the cost of the related asset, as appropriate.

Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the term of the lease. Any lease incentives (such as rent-free periods) are spread over the life of the lease or the period to the first rent review, whichever falls earlier.

2.5 Termination payments

Termination payments are recognised when employment is terminated by the Charity before the normal retirement date or end of employment contract. Termination costs are recognised when the Charity can no longer withdraw the offer of the benefits or when the Charity recognises any related restructuring costs.

2. Accounting policies (continued)

2.6 Pensions

Defined benefit pension scheme costs are treated in accordance with applicable financial reporting standards FRS102. The following elements are charged to the SOFA:

1. The service costs of pension provision relating to the period, together with the cost of any benefits relating to past service;
2. The net return on financing, which is a charge equal to the increase in the present value of the scheme liabilities; and
3. The actuarial gain or loss on scheme assets and liabilities.

If a defined benefit pension scheme is in surplus, the surplus will only be recognised if the group is able to recover the surplus.

The difference between the market value of assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet, as appropriate.

In line with FRS 102, where there is insufficient information to appropriately calculate an employer’s scheme assets or liabilities in respect of multi-employer pension schemes, defined benefit pension schemes are accounted for and disclosed as defined contribution schemes.

They are recognised using discounted future cashflows in respect of funding deficit reduction plans and are presented within Provisions for Liabilities.

Defined contribution pension scheme costs represent the contributions payable for the period. This amount is allocated to expenditure headings and funds on the same basis as staff costs, reflecting the activities performed by staff.

Currently, employer contribution for pension is between 4% and 11% *(2024 - 4% - 11%).*

2. Accounting policies (continued)

2.7 Liability Policies

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The Charity provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. The Charity has recognised specific provisions for:

1. Dilapidations on leasehold properties – this relates to the estimated future cost of building work required when vacating leasehold premises;
2. Redundancy costs – these costs are payable where notification of intended redundancy was made before year end;
3. Annual Leave Provision – annual leave provision represents a potential liability due to working time directive case law;
4. Other provisions – these represent estimates of future expenditure on a number of matters such as pensions where the outcome is not known with certainty.

The Group is exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects.

2.8 Foreign Currency

The Group financial statements are presented in pounds sterling and are rounded to thousands. The functional currency of the entity and all active subsidiaries is the pound sterling.

Transfers of monies between the UK and foreign countries are translated at the spot rate of exchange at the date of the transaction.

Transactions denominated in foreign currencies are translated at the average rate of exchange for the month in which the transaction occurred.

Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising is charged to the SOFA.

2.9 Volunteers

The charity appreciates the hard work and dedication of its volunteers. 85 *(2024 - 85)* volunteers engaged in a number of activities supporting our social care services, fundraising and campaigning.

The contribution of volunteers is not recognised in the accounts as it is impractical to value given the absence of a reliable measurement basis.

2. Accounting policies (continued)

2.10 Asset Policies

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities. Overdraft and cash balances are offset when they are part of the same Composite Accounts arrangement.

Expenditure on tangible and intangible items of an enduring nature in excess of £1,000 (except for IT equipment where the limit is £400) is capitalised and depreciation or amortisation (as appropriate) is charged at the following annual rates on cost:

1. Freehold land and buildings and improvements to freehold land and buildings at 2 percent per annum;
2. Leasehold properties and improvements to leasehold properties over the remaining period of the lease;
3. Furniture, fittings, equipment and vehicles at 5-25 percent per annum; and
4. Intangible assets amortised at 10 percent per annum to reflect the likely useful life of such assets, our major component being the organisational back-office system, MS Dynamics.

Freehold and leasehold properties are not revalued and are included at their depreciated historic cost. Freehold land is not depreciated except where it is not possible to separate the land from the buildings. Assets under the course of construction are not depreciated until they are brought into use.

If an indication of any impairment to the carrying value of tangible assets existed at the balance sheet date, the asset’s recoverable amount is estimated and an impairment loss recognised in the fund to which the asset relates.

Investment properties make up the majority of our investments, and are properties being held for long term investment to earn rental income or for capital appreciation or both.

Investment properties are measured initially at cost and subsequently measured at fair value, which reflects market conditions at the balance sheet date.

Transfers to or from investment property are made only when there is a change in use, evidenced by commencement or end of owner occupation.

Gains or losses arising from changes in the fair values of investment properties are included in the SOFA in the year in which they arise.

Programme related investments are made to provide charitable benefits and are stated at original cost and are amortised over the length of the period of the associated management agreement or the period over which the investment will provide benefit where this is shorter.

2. Accounting policies (continued)

Investments are included in the financial statements at closing price on the balance sheet date. Investments in subsidiaries are included at cost. Realised gains or losses arising on the disposal of investments and unrealised gains and losses arising on revaluation are taken to the SOFA and into the fund to which the investments relate.

Where assets have been acquired via the receipt of specific capital in the form of a capital grant agreement, the accounting treatment is to capitalise the asset at its market value and depreciate in accordance with the depreciation policy. If the capital grant has conditions attached which would require repayment, we recognise a liability for the grant once the condition such as an irrecoverable decision to dispose of the asset, are met.

2.11 Funds Policies

The funds of the Group have been segregated as follows:

1. Restricted funds consisting of grants, donations and legacies received and for which the donor has specified the purposes to which the funds must be applied.
2. Assets purchased using restricted funds then become unrestricted assets once funds have been reallocated and form part of the unrestricted reserves, reducing over the useful life of the asset. If an asset is part-funded through restricted reserves, the asset is part restricted to the same proportion as the funds used and depreciated accordingly. Upon disposal, unless otherwise specified in the restriction any funds from disposal are returned to the Unrestricted funds.
3. Spend is applied to the Restricted funds in line with the restrictions applicable, this may be through direct costs or allocation of attributable overhead costs.
4. Permanent endowment funds consisting of restricted funds with the additional restriction that the donor has specified that only the income generated by the funds may be used for specific or general purposes whilst the capital must be retained.
5. Expendable endowment funds can be used for general purposes.
6. Unrestricted funds are expendable at the discretion of the Trustees in furtherance of the objectives of the Charity.
7. Previously, designated funds have been set aside at the discretion of the Trustees for specific purposes, but which otherwise form part of the unrestricted Group designated funds, some of which is for future capital developments for the long-term use of its service users. These funds were received at service level with a preference but no legal restriction as to their use. However designated funds no longer needed to be segregated from unrestricted funds for internal project purposes, a decision made by the Board, and have therefore been amalgamated at year end.

The pension reserve reflects the difference between the net assets and liabilities of the pension schemes, measured on an FRS 102 basis.

The Charity committed to replenishing liquid restricted reserves to the level of unrespect restricted cash received and as of July 2025, a final transfer was made to the restricted bank account.

The Charity's Reserve Policy is discussed in the Financial Review section.

2.12 Other Policies

Funds belonging to people who use our services that are held by us in safe custody on their behalf are separately recorded as both cash and liabilities on the balance sheet.

3. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

1. Legacy income is recognised from the earliest date of the Charity being notified of an impending distribution following settlement of the estate or the legacy being received, where entitlement is established, and it can be measured with reasonable accuracy. Entitlement is assumed six months after grant of probate is received and the executor is satisfied that the property in question will not be required to satisfy claims on the estate.
2. Defined benefit pension scheme surplus – At the year end, the actuarial roll-forward valuation report from the Actuary to The Pension Trust Growth Plan reported a net pension asset of £1,378k. When the valuation gives rise to a potential asset position, the Board of Trustees is required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being “An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan.” In using the word “shall”, the emphasis is placed upon the Board of Trustees to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the Board of Trustees has considered the value at which the Charity can benefit from either (1) refunds from The Pension Trust Growth Plan or (2) reduced contributions to The Pension Trust Growth Plan. As the Board of Trustees intends the Charity to continue to participate in The Pension Trust Growth Plan, the likelihood of a refund being due from The Pension Trust Growth Plan has been deemed as remote and not practically achievable. Accordingly, the Actuary and Board of Trustees have made an impairment charge on the asset reducing the net position at the year ended 31 March 2025 to £NIL.

Estimates:

1. Defined benefit pension scheme (Note 28). The Charity has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the asset depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset in the balance sheet. The assumptions reflect historical experience and current trends.
2. Investment properties (Note 15). This year, the Charity has obtained external valuations of investment properties. In the prior year, Directors’ valuation of investment properties were undertaken by a qualified RICS employee.
3. Provisions (Debtors). The charity has made provision for potential non-recoverability of debtor balances when invoices are 365 days past its due date. This is based on a 10% provision on debts outstanding with local Authorities or NHS bodies. An additional provision of 90% is held against all debts with self or other funders over 365 days past due.

4. Income from donations and legacies

	Unrestricted funds 2025 £000	**Restricted funds 2025 £000**	**Total funds 2025 £000**
Donations	704	144	**848**
Legacies	1,889	671	**2,560**
	2,593	815	**3,408**

	Unrestricted funds 2024 £000	*Restricted funds 2024 £000*	*Total funds 2024 £000*
Donations	*999*	*160*	*1,159*
Legacies	*173*	*1,636*	*1,809*
Government support - Covid-19	*544*	*-*	*544*
	1,716	*1,796*	*3,512*

5. Income from charitable activities

	Unrestricted funds 2025 £000	**Restricted funds 2025 £000**	**Total funds 2025 £000**
Income from charitable activities - Social care	131,431	-	**131,431**
Income from charitable activities - International services	-	-	**-**
Income from charitable activities - UK Programmes	590	191	**781**
	132,021	191	**132,212**

	Unrestricted funds 2024 £000	*Restricted funds 2024 £000*	*Total funds 2024 £000*
Income from charitable activities - Social care	*139,365*	*126*	*139,491*
Income from charitable activities - International services	*-*	*25*	*25*
Income from charitable activities - UK Programmes	*565*	*514*	*1,079*
	139,930	*665*	*140,595*

6. Investment income

	Unrestricted funds 2025 £000	Total funds 2025 £000
Bank interest	998	**998**
Rent from investment properties	118	**118**
	1,116	**1,116**

	Unrestricted funds 2024 £000	*Total funds 2024 £000*
Bank interest	*262*	*262*
Rent from investment properties	*78*	*78*
	340	*340*

7. Expenditure on raising funds

	Unrestricted funds 2025 £000	Total funds 2025 £000
Fundraising	652	**652**

	Unrestricted funds 2024 £000	*Restricted funds 2024 £000*	*Total funds 2024 £000*
Fundraising	*885*	*112*	*997*

8. Analysis of expenditure on charitable activities - by fund

	Unrestricted funds 2025 £000	**Restricted funds 2025 £000**	**Endowment funds 2025 £000**	**Total 2025 £000**
Social care	135,677	2,571	11	**138,259**
UK Programmes	756	365	-	**1,121**
Campaigning	284	-	-	**284**
	136,717	2,936	11	**139,664**

	Unrestricted funds 2024 £000	*Restricted funds 2024 £000*	*Total 2024 £000*
Social care	*146,653*	*650*	*147,303*
International services	*277*	*4*	*281*
UK Programmes	*1,005*	*79*	*1,084*
Campaigning	*218*	*-*	*218*
	148,153	*733*	*148,886*

9. Analysis of expenditure by activities - by type

	Activities undertaken directly 2025 £000	**Support costs 2025 £000**	**Total funds 2025 £000**
Social care	116,130	22,129	**138,259**
UK Programmes	914	207	**1,121**
Campaigning	239	45	**284**
	117,283	22,381	**139,664**

	Activities undertaken directly 2024 £000	*Support costs 2024 £000*	*Total funds 2024 £000*
Social care	*124,247*	*23,056*	*147,303*
International services	*281*	*-*	*281*
UK Programmes	*881*	*203*	*1,084*
Campaigning	*195*	*23*	*218*
	125,604	*23,282*	*148,886*

Analysis of support costs

	Total funds 2025 £000	*Total funds 2024 £000*
Management & Admin	**8,090**	*7,935*
Finance, IT and purchasing	**11,504**	*12,097*
Human resources	**2,348**	*2,405*
Governance	**439**	*845*
	22,381	*23,282*

10. Governance costs

	2025 £000	*2024 £000*
Auditor's remuneration - Audit of the financial statements	**195**	*695*
Auditor's remuneration - Preparation of the financial statements	**32**	*-*
Auditor's remuneration - Other non-audit services	**4**	*7*
Amounts payable to previous auditors in respect of additional costs for the prior year audit	**206**	*80*
Internal Audit	**-**	*62*
Governance and professional support for Trustees	**2**	*1*
	439	*845*

11. Staff costs

	Group 2025 £000	*Group 2024 £000*	**Company 2025 £000**	*Company 2024 £000*
Wages and salaries	**86,319**	*89,007*	**85,543**	*88,662*
Social security costs	**7,495**	*6,711*	**7,470**	*6,686*
Other pension costs	**3,360**	*3,189*	**3,351**	*3,182*
Other staff benefits	**204**	*188*	**204**	*188*
	97,378	*99,095*	**96,568**	*98,718*

Wages and salaries include termination and redundancy payments totalling £1,405,000 *(2024 - £1,461,085)*, made up of contractual payments of £1,296,121 *(2024 - £1,328,025)* and non-contractual payments of £108,879 *(2024 - £133,059)*. The non-contractual payments were made to 9 employees *(2024 - 13 employees)* under the authority of the Trustees as being in the best interest of the Charity. There were no associated liabilities at the year end.

The average number of persons employed by the Company during the year was as follows:

	Group 2025 No.	*Group 2024 No.*	**Company 2025 No.**	*Company 2024 No.*
Staff	**3,765**	*4,245*	**3,742**	*4,218*

11. Staff costs (continued)

The average headcount expressed as full-time equivalents was:

	Group 2025 No.	*Group 2024 No.*	**Company 2025 No.**	*Company 2024 No.*
Social care	**2,418**	*2,832*	**2,408**	*2,819*
Campaigning	**5**	*3*	**5**	*3*
UK Programmes	**18**	*23*	**18**	*23*
Governance	**5**	*4*	**5**	*4*
Support	**160**	*157*	**160**	*157*
	2,606	*3,019*	**2,596**	*3,006*

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2025 No.	*Group 2024 No.*
In the band £60,001 - £70,000	**21**	*17*
In the band £70,001 - £80,000	**11**	*9*
In the band £80,001 - £90,000	**4**	*6*
In the band £90,001 - £100,000	**2**	*2*
In the band £100,001 - £110,000	**2**	*1*
In the band £110,001 - £120,000	**1**	*2*
In the band £120,001 - £130,000	**1**	*2*
In the band £130,001 - £140,000	**1**	*1*
In the band £140,001 - £150,000	**2**	*1*
In the band £150,001 - £160,000	**1**	*1*
In the band £160,001 - £170,000	**1**	*-*

11. Staff costs (continued)

	2025 £000	**2025 Staff**	*2024 £000*	*2024 Staff*
Defined contribution schemes	**334**	**50**	*307*	*40*
	334	**50**	*307*	*40*

The Key Management Personnel of the Charity consist of 12 members of the Executive Board *(2024 - 7).* Key Management Personnel include the total number of staff who were on the Executive Board, including those who left. The total amount of remuneration and benefits paid to the Key Management Personnel are as follows:

	Group 2025 £000	*Group 2024 £000*	**Company 2025 £000**	*Company 2024 £000*
Remuneration and benefits	**1,583**	*1,043*	**1,583**	*1,043*
	1,583	*1,043*	**1,583**	*1,043*

12. Trustees' remuneration and expenses

During the year ended 31 March 2025, no Trustees received any remuneration or other benefits *(2024 - £NIL)*.

During the year ended 31 March 2025, expenses totalling £1,884 were reimbursed or paid directly to 4 Trustees *(2024 - £671 to 1 Trustee)*. These expenses were in respect of travel and subsistence.

13. Intangible assets

Group and Company

	Intangible assets £000
Cost	
At 1 April 2024	**7,629**
At 31 March 2025	**7,629**
Amortisation	
At 1 April 2024	**3,895**
Charge for the year	**567**
At 31 March 2025	**4,462**
Net book value	
At 31 March 2025	**3,167**
At 31 March 2024	*3,734*

Intangible Assets include £5,156k Cost for Microsoft Dynamics software cost and NBV of £2,851k at 31 March 2025.

14. Tangible fixed assets

Group

	Freehold land and buildings £000	Leasehold properties £000	Furniture, fittings equipment and vehicles £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 April 2024	**79,840**	**5,345**	**52,871**	**1,355**	**139,411**
Additions	**1**	**-**	**1,670**	**1,401**	**3,072**
Transfers to investment properties	**(228)**	**-**	**-**	**-**	**(228)**
Disposals	**(10,427)**	**(38)**	**(7,019)**	**-**	**(17,484)**
Transfers between classes	**98**	**-**	**2,197**	**(2,295)**	**-**
At 31 March 2025	**69,284**	**5,307**	**49,719**	**461**	**124,771**
Depreciation					
At 1 April 2024	**31,446**	**4,707**	**38,971**	**-**	**75,124**
Charge for the year	**1,319**	**35**	**3,049**	**-**	**4,403**
Transfers to investment properties	**(93)**	**-**	**-**	**-**	**(93)**
On disposals	**(4,108)**	**(38)**	**(5,848)**	**-**	**(9,994)**
Impairment charge	**-**	**-**	**99**	**-**	**99**
At 31 March 2025	**28,564**	**4,704**	**36,271**	**-**	**69,539**
Net book value					
At 31 March 2025	**40,720**	**603**	**13,448**	**461**	**55,232**
At 31 March 2024	*48,394*	*638*	*13,900*	*1,355*	*64,287*

Stated properties have been pledged against the bank overdraft facility: Heatherley, Effingham Lane, Copthorne, West Sussex, RH10 3HS; Gloucestershire House, Charlton Lane, Leckampton, Gloucestershire, GL53 9HD; St Bridget's, 4 Illex Close, Rustington, Littlehampton, BN16 2RX; 646 Fryers House Romsey, SO51 5OD; Bradbury House, Worthington Close, Crook, County Durham, DL15 8NL; Hill House, Newcastle Road, Sandbach, Cheshire, CW11 1LA; Newlands House, Main Street, Swadlincote, Derbyshire, DE12 8DE; Lavender Fields, Lucas Lane, Hitchin, Hertfordshire, SG5 2JB; Symonds House, Lucas Lane, Hitchin, Hertfordshire, SG5 2JB; The Manor, Church Road, Huntingdon, Cambridgeshire, PE28 4PF; King Street, 61-63 King Street, Loughborough, Leicestershire, LE12 7LZ; Chiltern House, 82 Packhorse Road, Gerrards Cross, Buckinghamshire, SL9 8JT; Agnes Court, Warwick Road, Banbury, Oxfordshire, OX16 2AB; Chipstead Lake, Chevening Road, Seven Oaks, Kent, TN13 2SD; and Danybryn, Heol Isaf, Radyr, Cardiff, CF15 8AJ.

14. Tangible fixed assets (continued)

Company

	Freehold land and buildings £000	Leasehold properties £000	Furniture, fittings equipment and vehicles £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 April 2024	79,840	5,345	52,814	1,355	139,354
Additions	1	-	1,668	1,401	3,070
Transfers to investment properties	(228)	-	-	-	(228)
Disposals	(10,427)	(38)	(6,960)	-	(17,425)
Transfers between classes	98	-	2,197	(2,295)	-
At 31 March 2025	69,284	5,307	49,719	461	124,771
Depreciation					
At 1 April 2024	31,446	4,707	38,915	-	75,068
Charge for the year	1,319	35	3,049	-	4,403
Transfers to investment properties	(93)	-	-	-	(93)
On disposals	(4,108)	(38)	(5,792)	-	(9,938)
Impairment charge	-	-	99	-	99
At 31 March 2025	28,564	4,704	36,271	-	69,539
Net book value					
At 31 March 2025	40,720	603	13,448	461	55,232
At 31 March 2024	*48,394*	*638*	*13,899*	*1,355*	*64,286*

15. Investment property

Group and Company

	Investment properties £000
Valuation	
At 1 April 2024	**4,327**
Transfers from tangible fixed assets	**135**
Revaluation	**1,121**
At 31 March 2025	**5,583**

The group holds 18 investment properties with individual values ranging from £10,500 to £725,000 at 31 March 2025. This year, the Charity has obtained external valuations of investment properties. In the prior year, Directors' valuation of investment properties were undertaken by a qualified RICS employee. The valuations of these residential properties assess the market value on sale, mainly applying a direct comparison market approach. The valuations are based on vacant possession or subject to tenancies based on the occupation status at the valuation date.

16. Subsidiaries

The Charity beneficially owned the entire share capital of the following subsidiary companies at 31 March 2024 and 31 March 2025.

Name	Registered	Company No.	Issued capital	Status
Leonard Cheshire Trading Limited	England and Wales	03244651	£100	Dormant
The Leonard Cheshire Foundation (Isle of Man) Limited	Isle of Man	074693C IOM No.669	Limited by guarantee	Trading
Leonard Cheshire International	Republic of Ireland	10616088	Limited by guarantee	Dormant
Leonard Cheshire Services CIC	England and Wales	11081820	Limited by shares	Trading

All trading subsidiaries have been consolidated in the Group financial statements. The directors believe that the carrying value of the investments is supported by their underlying net assets.

The carrying values on the company Balance Sheet for the subsidiaries are: Leonard Cheshire Trading Limited £100; The Leonard Cheshire Foundation (Isle of Man) Limited £100; Leonard Cheshire Services CIC £1 and Leonard Cheshire International £NIL.

All subsidiaries registered in England and Wales operate from the following registered office: Regus - The News Building Third Floor, 3 London Bridge Street, London, England, SE1 9SG.

The subsidiaries registered in the Isle of Man operate from the following registered office: Thie Quinney, Fairfield Avenue, Romsey, Isle of Man, IM8 2LS.

16. Subsidiaries (continued)

Leonard Cheshire Trading Limited

Leonard Cheshire Trading Ltd ceased its trading in May 2022. The company is now dormant.

Summary of assets and liabilities	**2025 £'000**	*2024 £'000*
Assets	**-**	*-*
Liabilities	**(273)**	*(273)*
Total	**(273)**	*(273)*

Leonard Cheshire Foundation (Isle of Man) Limited

The principal activity of The Leonard Cheshire Foundation (Isle of Man) Limited, which is a registered Charity in the Isle of Man, is the provision of residential care for disabled people. A summary of its financial statements for the year ended 31 March 2025 and 31 March 2024 is shown below. Leonard Cheshire Foundation (Isle of Man) Limited financial statements have not been prepared on a going concern basis due to the ending on the Manx contract effective January 2025.

Summary of statement of financial activities	**2025 £'000**	*2024 £'000*
Incoming resources	**543**	*567*
Resources expended	**(580)**	*(551)*
Net expenses/income	**(37)**	*16*

Summary of assets and liabilities		
Assets	**1,185**	*1,219*
Liabilities	**(48)**	*(45)*
Total	**1,137**	*1,174*

Leonard Cheshire Services CIC

The principal activity of Leonard Cheshire Services CIC is the provision of residential care for disabled people. A summary of its financial statements for the year ended 31 March 2025 and 31 March 2024 is shown below.

Summary of statement of financial activities	**2025 £'000**	*2024 £'000*
Incoming resources	**25,827**	*26,969*
Resources expended	**(26,196)**	*(26,778)*
Net expenses/income	**(369)**	*191*

Summary of assets and liabilities		
Assets	**2,435**	*4,862*
Liabilities	**(1,228)**	*(3,286)*
Total	**1,207**	*1,576*

17. Debtors

	Company 2025 £000	Company 2024 £000
Due after more than one year		
Amounts owed by group undertakings	**273**	*-*

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Due within one year				
Trade debtors	**8,248**	*13,309*	**6,007**	*8,795*
Amounts owed by group undertakings	**-**	*-*	**876**	*2,644*
Prepayments and accrued income	**3,308**	*3,222*	**3,112**	*2,896*
	11,556	*16,531*	**9,995**	*14,335*

18. Current asset investments

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Listed investments	**13**	*15*	**13**	*15*

The Trustees consider the value of the investments to be supported by their underlying assets.

These investments relate to publicly quoted shares.

19. Creditors: Amounts falling due within one year

	Group 2025 £000	*Group 2024 £000*	**Company 2025 £000**	*Company 2024 £000*
Other loans	**205**	-	**205**	-
Trade creditors	**2,851**	*2,809*	**2,842**	*2,793*
Amounts owed to group undertakings	**-**	-	**959**	*1,155*
Other taxation and social security	**2,203**	*3,754*	**2,202**	*3,746*
Other creditors	**4,091**	*5,340*	**4,084**	*4,755*
Accruals and deferred income	**4,428**	*6,450*	**4,045**	*6,106*
	13,778	*18,353*	**14,337**	*18,555*

Amounts owed to group undertakings are unsecured, and no interest is charged.

The overdraft facility of £5m is secured against the properties listed in Note 14.

Other creditors includes £1.53m received for grants that may need to be returned to the funder if agreement is not obtained to use it for alternative purposes now that the original grant programme is no longer going ahead. It also includes pension and other payroll liabilities.

	Group 2025 £000	*Group 2024 £000*	**Company 2025 £000**	*Company 2024 £000*
Deferred income				
Deferred income at 1 April 2024	**2,453**	*3,578*	**2,139**	*3,198*
Resources deferred during the year	**2,383**	*2,453*	**2,054**	*2,139*
Amounts released from previous periods	**(2,453)**	*(3,578)*	**(2,139)**	*(3,198)*
Deferred income at 31 March 2025	**2,383**	*2,453*	**2,054**	*2,139*

Deferred income represents the payment of fees in advance.

20. Creditors: Amounts falling due after more than one year

	Group 2025 £000	*Group 2024 £000*	**Company 2025 £000**	*Company 2024 £000*
Other loans	**125**	*330*	**125**	*330*

The loan balance falling due after more than one year relates to a £300k loan from a UK charitable foundation, with £205k is due to be repaid in 25/26 and £95k due to be repaid 26/27. A further loan of £30k has no repayment plan in place.

21. Provisions

Group	Dilapidation £'000	Annual Leave £'000	Redundancy £'000	Grants £'000	Pension £'000	Other £'000	Total £'000
At 1 April 2024	519	615	572	1,026	113	453	**3,298**
Charged to the SOFA	754	664	139	405	-	-	**1,962**
Credited to the SOFA	(175)	-	-	-	-	-	**(175)**
Amount utilised	-	(615)	(572)	-	-	(453)	**(1,640)**
At 31 March 2025	**1,098**	**664**	**139**	**1,431**	**113**	**-**	**3,445**

Company	Dilapidation £'000	Annual Leave £'000	Redundancy £'000	Grants £'000	Pension £'000	Other £'000	Total £'000
At 1 April 2024	519	615	572	1,026	113	449	**3,304**
Charged to the SOFA	754	664	139	405	-	-	**1,962**
Credited to the SOFA	(175)	-	-	-	-	-	**(175)**
Amount utilised	-	(615)	(572)	-	-	(449)	**(1,646)**
At 31 March 2025	**1,098**	**664**	**139**	**1,431**	**113**	**-**	**3,445**

The dilapidation provision represents the potential liability of the Charity for repairs at the end of the leases on occupied buildings; the timings and amounts of the outflows can be uncertain and subject to negotiation.

The provision for annual leave represents a potential liability due to working time directive case law, in relation to average pay for statutory annual leave.

The provision for redundancy relates to the cost of redundancies demonstrably committed to in 24/25 but where the payments will be made in 25/26.

The grants liability relates to repayment of two capital grants. These relate to monies received from the Surrey Primary Care Trust (PCT) which was used to purchase the ‘Westwinds’ service; and from West Kent Primary Care Trust (PCT) which was used to purchase the 'Shore Lodge' service. Westwinds was no longer operational at March 2024 and is expected to be sold during 2025/26. Shore Lodge ceased operations in April 2025 and conditions existed at 31st March 2025 for both properties such that the grant repayment on sale of the service, at an amount equivalent to the estimated net sales proceeds less share retained by Leonard Cheshire, has been recognised.

The pension provision relates to the present value of the future deficit contributions, for our Defined Benefit pension schemes which are multi-employer schemes. See Note 28 for further details.

22. Statement of funds

Statement of funds - current year

	Balance at 1 April 2024 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2025 £000
Unrestricted funds						
Designated funds						
Designated Funds	8,111	-	-	(8,111)	-	-
General funds						
General Funds	48,456	140,144	(138,468)	21,713	(99)	71,746
Revaluation reserve	4,001	-	-	-	1,121	5,122
Pension reserve	62	-	1,099	-	(1,171)	(10)
	52,519	140,144	(137,369)	21,713	(149)	76,858
Total Unrestricted funds	60,630	140,144	(137,369)	13,602	(149)	76,858
Endowment funds						
Albert Alexander fund	11	-	(11)	-	-	-
Kirby Worthington fund	111	-	-	-	-	111
St. Michaels home	735	-	-	-	-	735
	857	-	(11)	-	-	846
Restricted funds						
Legacy - Swift	6,591	-	(457)	(1,304)	-	4,830
Social care	14,018	815	(2,114)	(10,627)	-	2,092
UK programmes	1,902	191	(365)	(1,644)	-	84
International services	176	-	-	(27)	-	149
	22,687	1,006	(2,936)	(13,602)	-	7,155
Total of funds	84,174	141,150	(140,316)	-	(149)	84,859

22. Statement of funds (continued)

In respect of the Group and Company;

All the listed Endowment funds i.e., Albert Alexander Fund, Kirby Worthington Fund and St Michaels Home are permanent endowments with restricted purposes. St Michael's Home is a linked trust of which Leonard Cheshire Disability is the sole trustee.

The only individually material restricted fund relates to Swift. All other restricted funds have been aggregated as they are not considered individually material and have similar purposes. Social care relates to residential and supported living services; UK programmes relates to community-based outreach programmes and International services relate to disability inclusion projects overseas.

Restricted funds for social care are those which have been donated to the group to be used specifically for the purchase of new tangible assets, improvements to existing assets or support costs for disabled people to be used at specific locations. Other restricted funds have been donated to the Group to support specific projects in the UK and overseas. Included within restricted funds is £966k (2024 - £1.5m) relating to closed services which will be subject to a Cy-Pres scheme application to the Charity Commission as per Charity law.

In the year to March 2025, the Charity has undertaken a review of all restricted funds in light of the Statutory Inquiry opened by the Charity Commission. As a result the Charity has identified transfers totalling £13.6m from restricted to unrestricted reserves, which has been reflected in these Annual Accounts.

Funds previously designated by the Charity of £8.1m have been transferred to unrestricted reserves in the year ending 31 March 2025. The Trustees have reviewed and designations previously assigned are no longer needed and therefore these funds are appropriate to be classified as unrestricted funds.

22. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2023 £000	*Income £000*	*Expenditure £000*	*Gains/ (Losses) £000*	*Balance at 31 March 2024 £000*
Unrestricted funds					
Designated funds					
Designated Funds	*8,111*	*-*	*-*	*-*	*8,111*
General funds					
General Funds	*48,943*	*149,619*	*(149,039)*	*(1,067)*	*48,456*
Revaluation reserve	*4,435*	*-*	*-*	*(434)*	*4,001*
Pension reserve	*(8)*	*-*	*-*	*70*	*62*
	53,370	*149,619*	*(149,039)*	*(1,431)*	*52,519*
Total Unrestricted funds	*61,481*	*149,619*	*(149,039)*	*(1,431)*	*60,630*
Endowment funds					
Albert Alexander fund	*11*	*-*	*-*	*-*	*11*
Kirby Worthington fund	*111*	*-*	*-*	*-*	*111*
St. Michaels home	*735*	*-*	*-*	*-*	*735*
	857	*-*	*-*	*-*	*857*
Restricted funds					
Legacy - Swift	*6,591*	*-*	*-*	*-*	*6,591*
Social care	*13,121*	*1,915*	*(761)*	*(257)*	*14,018*
UK programmes	*1,465*	*516*	*(79)*	*-*	*1,902*
International services	*149*	*31*	*(4)*	*-*	*176*
	21,326	*2,462*	*(844)*	*(257)*	*22,687*
Total of funds	*83,664*	*152,081*	*(149,883)*	*(1,688)*	*84,174*

23. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Tangible fixed assets	54,497	-	735	**55,232**
Intangible fixed assets	3,167	-	-	**3,167**
Investment property	5,583	-	-	**5,583**
Current assets	30,969	7,155	111	**38,235**
Creditors due within one year	(13,778)	-	-	**(13,778)**
Creditors due in more than one year	(125)	-	-	**(125)**
Provisions for liabilities and charges	(3,455)	-	-	**(3,455)**
Total	76,858	7,155	846	**84,859**

Analysis of net assets between funds - prior year

	Unrestricted funds 2024 £000	*Restricted funds 2024 £000*	*Endowment funds 2024 £000*	*Total funds 2024 £000*
Tangible fixed assets	*56,769*	*6,783*	*735*	*64,287*
Intangible fixed assets	*3,734*	-	-	*3,734*
Investment property	*4,327*	-	-	*4,327*
Current assets	*17,461*	*16,162*	*122*	*33,745*
Creditors due within one year	*(18,095)*	*(258)*	-	*(18,353)*
Creditors due in more than one year	*(330)*	-	-	*(330)*
Provisions for liabilities and charges	*(3,236)*	-	-	*(3,236)*
Total	*60,630*	*22,687*	*857*	*84,174*

24. Reconciliation of net movement in funds to net cash flow from operating activities

		Group 2025 £000	Group 2024 £000
Net income for the year (as per Statement of Financial Activities)		**1,955**	*2,357*
Adjustments for:			
Amortisation, depreciation and impairment charges	13,14	**5,069**	*5,423*
Rent from investment properties	6	**(118)**	*(78)*
Bank interest	6	**(998)**	*(262)*
Decrease in debtors	17	**4,975**	*5,067*
Decrease in creditors	19,20	**(4,780)**	*(7,227)*
Revaluation of investment properties	15	**(1,121)**	*(416)*
Gains on the disposal of fixed assets	14	**(4,095)**	*(7,372)*
Difference between pension contributions and total pension expenses	28	**(1,198)**	*(1,677)*
Increase in provisions	21	**147**	*1,227*
Decrease in value of current asset investments	18	**2**	*-*
Net cash used in operating activities		**(162)**	*(2,958)*

25. Analysis of cash and cash equivalents

	Group 2025 £000	Group 2024 £000
Cash in hand	**24,976**	*15,312*
Service users' funds held in trust	**1,690**	*1,887*
Total cash and cash equivalents	**26,666**	*17,199*

26. Analysis of changes in net debt

	At 1 April 2024 £000	Movements £000	At 31 March 2025 £000
Cash at bank and in hand	**17,199**	**9,467**	**26,666**
Debt due within 1 year	**-**	**(205)**	**(205)**
Debt due after 1 year	**(330)**	**205**	**(125)**
Liquid investments	**15**	**(2)**	**13**
	16,884	**9,465**	**26,349**

27. Contingent liabilities

There are two banking guarantees totalling £332k *(2024 - £332k)* that have been provided by Barclays Bank to two external parties. The figure is made up of two individual guarantees, one for £200k *(2024 - £200k)* and one for £132k *(2024 - £132k).* They are secured against the properties listed in Note 14.

Contingent liabilities primarily comprise of potential liabilities arising from matters relating to disposal of property funded by means of a Capital Grants where the Charity is liable for up to 98% of the disposal proceeds should the properties be sold. The net book value of the properties subject to such grant refund obligations at 31 March 2025 was £1.2m *(2024 - £1.8m).*

28. Pension commitments

Defined contribution pension schemes

The Charity operates a number of defined contribution pensions schemes. Members' contributions are between 4% and 5% of pensionable salary and employer contributions are between 4% and 11% of pensionable salary.

From 1 July 2013, the Charity joined the government auto-enrolment scheme. This means that all eligible staff who are not already members of a defined benefit pension scheme or defined contribution schemes are automatically enrolled unless the staff member explicitly chooses to opt out. Employer contributions for these staff members are 4% of pensionable salary.

The total cost of the schemes in 2025 was £3,032,005 *(2024 - restated £3,051,281).*

The Group operates a number of defined benefit pension schemes.

The Charity has obtained a FRS 102 actuarial valuation for The Pension Trust Growth Plan. Other defined benefit pension funds have been accounted for as defined contribution schemes in line with FRS 102 as there is insufficient information available to properly apply defined benefit accounting.

28. Pension commitments (continued)

The value of the schemes' defined benefit liabilities have been measured using the projected unit method. The schemes' assets do not include investments issued by the sponsoring employer nor any property occupied by the sponsoring employer. The overall expected rate of return on the net schemes' assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class. The schemes hold quoted securities, and these have been valued at bid-price.

Further information on the Charity's defined benefit pension schemes is provided below. The major assumptions used by the actuaries are disclosed in this note.

The Pension Trust Growth Plan

The Charity's largest defined benefit pension scheme is The Pension Trusts Growth Plan ("The Plan"). The Plan is closed to new entrants. The net pension liability recognised in the balance sheet as at 31 March 2025 is £NIL *(2024 - £NIL)*. A surplus cap of £1,378,000 was applied during the year.

Scheme liabilities have been based on liability information as at 30 September 2024 updated to 31 March 2025 by a qualified actuary. The most recent funding valuation was completed as at 30 September 2024 resulting in a deficit of £2.2m, using unaudited asset values. Audited assets subsequently confirmed as £54.72m, reducing the deficit from £2.2m to £1.93m at 30 September 2024.

Member contributions are payable as stated in the Schedule of Contributions dated 1 November 2016. The best estimate of employer contributions to be paid to the scheme for the year commencing 1 April 2025 is £1,440,000 *(2024 - £1,917,000).*

Clwyd Pension Fund – LGPS Scheme

The Clwyd Pension Fund (the Fund) related to a small number of staff who joined the charity's service in Dolywern. The net pension surplus recognised in the balance sheet at 31 March 2025 is £NIL *(2024 - £72,000 asset).* The defined benefit pension scheme was wound up on 28 November 2024. All member benefits were secured with an insurance company. The trustees confirmed that a surplus of £320,000 remained after meeting all obligations, which was refunded to the charity after the year end. The resulting gain after fees of £318,616 is recognised within other income in the Statement of Financial Activities. The Charity no longer has any defined benefit obligations in respect of this scheme.

Isle of Man Local Government Superannuation Scheme – LGPS Scheme

Isle of Man Local Government Superannuation Scheme relates to a small number of staff who previously worked in our IOM services. The Fund is closed to new entrants. The net pension liability recognised in the balance sheet at 31 March 2025 is £10,000 *(2024 - £10,000).* A full actuarial valuation was carried out at 31 March 2022.

Employer contributions to be paid for the year commencing 1 April 2025 is £NIL *(2024 - £NIL).*

28. Pension commitments (continued)

The disclosures below state the principal actuarial assumptions used to complete the FRS 102 actuarial valuation for the year ended 31 March 2025 for The Pension Trust Growth Plan, Clwyd Pension Fund and IOM Pension Fund.

	At 31 March 2025 %	*At 31 March 2024 %*
Discount rate	**4.80 - 5.73**	*4.75 - 4.90*
Future salary increases	**2.85 - 3.12**	*2.95 - 3.95*
Future pension increases	**1.93 - 2.66**	*1.96 - 2.80*
Inflation assumption (RPI)	**3.12**	*3.18 - 3.50*
Inflation assumption (CPI)	**2.70 - 2.85**	*2.70 - 2.95*

	At 31 March 2025 Years	*At 31 March 2024 Years*
Mortality rates (in years)		
- for a male aged 65 now	**19.6 - 21.5**	*19.6 - 21.4*
- at 65 for a male aged 45 now	**21.0 - 23.1**	*21.1 - 22.9*
- for a female aged 65 now	**23.8 - 24.7**	*23.8 - 24.8*
- at 65 for a female aged 45 now	**25.2 - 26.2**	*25.2 - 26.3*

The Group's share of the assets in the scheme was:

	At 31 March 2025 £000	*At 31 March 2024 £000*
Equities	**690**	*1,126*
Bonds	**19,242**	*41,577*
Property	**5,946**	*6,017*
Cash and other liquid assets	**25,419**	*8,298*
Total fair value of assets	**51,297**	*57,018*

28. Pension commitments (continued)

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

	2025 £000	*2024 £000*
Current service costs		
Current service costs	-	*19*
	-	**19**
Amounts included in interest and other finance costs		
Net interest payment	-	*(2)*
Expenses	269	*207*
	269	**205**
Amounts recognised in other comprehensive income		
Return on plan assets	(4,400)	*(3,278)*
Experience losses arising on defined benefit obligations	(749)	*(271)*
Changes in assumptions underlying the present value of plan liabilities	4,824	*85*
Minimum fund requirement basis impairment charge	(846)	*1,617*
	(1,171)	**(1,847)**

Movements in the present value of the defined benefit obligation were as follows:

	2025 £000
Opening defined benefit obligation	56,145
Liabilities extinguished on termination of scheme	(1,697)
Interest cost	2,747
Contributions by scheme participants	3
Actuarial gains	(4,075)
Benefits paid	(3,194)
Closing defined benefit obligation	**49,929**

28. Pension commitments (continued)

Movements in the fair value of the Group's share of scheme assets were as follows:

	2025 £000
Opening fair value of scheme assets	**57,018**
Assets distributed on termination of scheme	**(2,014)**
Expected return on assets	**2,713**
Actuarial losses	**(4,400)**
Contributions by employer	**1,440**
Contributions by scheme participants	**3**
Benefits paid	**(3,194)**
Expenses	**(269)**
Closing fair value of scheme assets	**51,297**

The amount included in the Balance Sheet in respect of the defined benefit pension plan is as follows:

	2025 £000	*2024 £000*
Fair value of plan assets	**51,297**	*57,018*
Present value of plan liabilities	**(49,929)**	*(56,145)*
Minimum fund requirement basis impairment charge	**(1,378)**	*(811)*
	(10)	*62*

28. Pension commitments (continued)

Other matters

Leonard Cheshire, along with a number of other employers with pension schemes administrated under an umbrella trust by the Trustee of The Pensions Trust (TPT), remains aware of a third-party challenge to several member benefit changes made to its now closed defined benefit Pension Scheme. The outcome of the case is uncertain but should the decision go against the Charity it reserves the right to counter claim for any losses arising as a result of poor administration of the scheme. At this time, the Scheme Trustee remains of the view that all scheme changes are valid and has received legal advice to continue to administer the scheme on that basis. The current assessment of the additional possible exposure if some or all of the changes impacting past service benefits are found to be invalid is in the range £0-£10m of liability.

The Virgin Media Limited v NTL Pension Trustees II Limited decision, handed down by the High Court on 16 June 2023 considered the implications of Section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met.

Following an appeal on 25 July 2024, the Court of Appeal upheld the High Court’s decision, that the statutory actuarial confirmation was required, and without this, alterations to schemes were void. There is, however, potential for legislative intervention following industry lobbying efforts that may retrospectively validate certain rule amendments.

At this stage, given the continued uncertainty in respect of potential legislative intervention, no assessment of historical documentation relating to amendments has been completed for any of the group’s defined benefit pension schemes. Also, there are similarities between this case and the ongoing TPT legal case given they both relate to the validity of scheme rule changes. Any potential impact of the Virgin Media finding on the TPT schemes will be assessed by the Trustee following the findings of the ongoing TPT legal case.

As a result, at this stage, it is not possible to estimate any potential impact of the Virgin Media ruling.

29. Operating lease commitments

At 31 March 2025 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2025 £000	*Group 2024 £000*
Not later than 1 year	**915**	*822*
Later than 1 year and not later than 5 years	**1,582**	*1,166*
Later than 5 years	**2,636**	*2,104*
	5,133	*4,092*

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

	Group 2025 £000	*Group 2024 £000*
Operating lease rentals	**1,841**	*2,309*

30. Related party transactions

The Charity provides a full range of management and other support services to Leonard Cheshire Foundation (Isle of Man) Limited in order to enable the subsidiary to operate and meet its statutory requirements for which it charged an agreed fee of £74k *(2024 - £81k)*. All banking transactions are carried out on a group basis using the Charity's banking facilities. The resultant intercompany liability is reflected in creditors as shown in Note 19.

The Charity provides a full range of management and other support services to Leonard Cheshire Services CIC in order to enable the subsidiary to operate and meet its statutory requirements for which it charged an agreed fee of £25,311k *(2024 - £26,430k)* of invoiced sales. The resultant intercompany liability is reflected in creditors as shown in Note 19.

No Trustees donations were made in year *(2024 - £NIL).*

31. Post balance sheet events

Subsequent to year end, in August 2025, ARBI Belfast was sold for £575k (£75k of which was deferred consideration) and in September 2025 Eithinog / Arfon in Wales was sold for £1.275m.

In July 2025, a final transfer of £730k was made into a restricted cash bank account to replenish current assets held in restricted funds. This, and the Charity Commission Statutory Inquiry, are discussed further in the Financial Review section.

Thank you

Charitable trusts, corporate partners and other supporters:
A very big thank you to following who have supported Leonard Cheshire in the last 12 months and to many others not listed, including those who wish to remain anonymous.

Corporate Partners
Bagnall Holding Co
DHL Supply Chain
Donald Mackenzie Limited
F. W. Frost Ltd
Goldman Sachs
Halo Staffing
Howdens Joinery
Inclusive Technologies Ltd
Inverness Crazy Golf
Kimbolton School
Madison Performance Group
Netflix UK
Netley Marsh Steam & Craft Show
Nisa Making A Difference Locally
St. Giles, Farnborough

Legators
Yvonne Albrow
Mrs K Aldrich
Phyllis May Alexander
Mrs Freda Allfrey
Mr Martin Amyas Arnold Blake
Maj Gen Thomas Anthony Boam
Mr Colin Edward Bridges
Gillian Brown
Mrs Wendy Calver
Mr David George Cooke
Miss Athene Jardine Cooper
Diana Mary Cottingham
Mrs Elizabeth Joan Crook
Charles Neil Doherty
Mr Barrie Dennis Dulson
Mr Gary Michael Eastley
Mr David Huxley Firth
Jeanne Elizabeth Corfield Fish
Mrs S Francis
Patricia Frogson
Mr Royce Norman Rogers Gifford
Eileen Mary Gullery
Mr John Roland Herbert
Betty Patricia Holden
Mr Rex Smerdon Hutchinson
Grace Olive Jones
Dr Anne Templeton Lambie
Betty Lila Lee
Mr Dennis David Lyon
Mr Brian Massey
Mr Leslie Howard Meads

Mr Edwin Louis Micallef
George Alan Milnes
Mrs Margaret Morgan
Mrs Muriel Frances Mortimore
Mr Ian Douglas Ogilvie
Mr Maurice James Payne
Mr Stanley Pearson
Miss Olivia Chiara Maria Pelosi
Mr Frank Samuel Phoenix
Mr Albert Arthur Pinching
Mr Brian Edward Arthur Pocock
Mr Derek Puncher
Mr John Rawding
Miss Ann Rubinstein
Christine Ann Simpson
Christine Ann Simpson
Mrs Eileen Mary Somerton
Mrs Margaret Ann Sparks
Mr John Charles Stephens
Mrs Doris Josephine Stovell
Mrs Jessie Swan
Mr John Trevor Thomas
Josephine Denise Thrasher
Mr Cedric John Virgin
Mr Anthony Herbert Wakeford
Mrs Patricia Ann Wakeford
Mr Michael Owen Charles Wauchope
Mrs Ella Lynda Williams
Hazel Mary Withers
Dr Charles Ronald Worthing

Charitable Trusts and other supporters
Antelope Trust
The Armstrong Family Trust
The Barbour Foundation
The Bill Brown 1989 Charitable Trust
Brian Wilson Charitable Trust
Chapman Charitable Trust
Charities Aid Foundation
Chiltern Charitable Trust
Copley May Foundation
D C Moncrieff Charitable Trust
The Dandy Charitable Trust
The Derek Raphael Charitable Trust
Denise Coates Foundation
Dorothy Irene Raven Will Trust
The E Alec Colman Charitable Fund
E B M Charitable Trust
Edgar Ralph Dore Trust
Enkalon Foundation
Friends of Pound House, Dorking
The George and Susan Gluck Foundation
The Gilander Foundation
Gowling WLG (UK) Charitable Trust
The Hedley Denton Charitable Trust

APPENDIX
FOR THE YEAR ENDED 31 MARCH 2025

The Henry Bloom Noble Healthcare Trust
The Hospital Saturday Fund
The Ian Askew Charitable Trust
The Ian Fleming Charitable Trust
The J Reginald Corah Foundation Fund
J S Innes Charitable Trust
James T Howat Charitable Trust
The James Wise Charitable Trust
The John Cowan Foundation
The Linden Charitable Trust
The Lord Faringdon Charitable Trust
The Loseley Christian Trust
The Magnus Trust
The Medicash Foundation
The Meikle Foundation
The Michael and Anna Wix Charitable Trust
The Michael Cornish Charitable Trust
Midcounties Co-operative Community Fund
Mrs Fawzy's Jersey Trust 1990
Mrs J B Wood’s Charitable Trust
The Mrs Yvonne Flux Charitable Trust
The National Lottery Community Fund
The Payback Time Trust
PF Charitable Trust
The Primula Trust
The Privy Purse Charitable Trust
The Ronald Miller Foundation
The Samuel and Freda Parkinson Trust
The S M B Trust
Stelios Philanthropic Foundation
Thomas Grierson Memorial Trust
The Tompkins Foundation
Totara Charitable Trust
The Ursula Keyes Trust
The Wyn and Ken Lo Memorial Foundation