

LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

Approved for issue by the Trustees on 27th March 2014

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LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name:

Life Changes (Trustee) Limited

**Registered Office and
Operational Address:**

Fourth Floor
Empire House
131 West Nile Street
Glasgow
G1 2RX

Charity Registration Number:

SCO 043735

Company Registration Number:

SC 440964

Trustees:

A Din
J Andrews
A Pascoe
G Huggins
C Lightower
H Dempster
A Jay
E Harris
L A Russell
G Brown
I McLeod
I Grigor

Protector:

Douglas Graham

Senior Management Team:

Maddy Halliday: CEO
Anna Buchanan: Director, People Affected by
Dementia Programme
Heather Coady: Director, Care Experienced Young
People Programme

Auditors:

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers:

The Co-operative Bank
Ground Floor
96 Fountainbridge
Edinburgh
EH3 9QA

Solicitors:

Shepherd and Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

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REPORT OF THE TRUSTEES & STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2014

The Trustees are pleased to present their report together with the financial statements of the group and charity for the period ended 31 March 2014. The legal and administrative information on page one forms part of this report.

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees who served during the period and since the period end were as follows:

D M Mackie (Appointed 23/1/13 Resigned 08/03/13)
J A Rankin (Appointed 23/1/13 Resigned 28/05/13)
A Lyon (Appointed 23/1/13 Resigned 08/03/13)
M J Bews (Appointed 23/1/13 Resigned 08/03/13)
A Din (Appointed 08/03/13 Resigned December 2013)
J Andrews (Appointed 08/03/13 Resigned 7/11/14)
A Pascoe (Appointed 08/03/13)
G Huggins (Appointed 08/03/13 Resigned 12/5/14)
C Lightowler (Appointed 08/03/13)
H Dempster (Appointed 08/03/13)
A Jay (Appointed 08/03/13)
E Harris (Appointed 08/03/13)
L A Russell (Appointed 08/03/13)
G Brown (Appointed 4/9/14)
I McLeod (Appointed 4/9/14)
I Grigor (Appointed 4/9/14)

Structure, Governance and Management

The BIG Lottery Fund (The Lottery) required two organisations to be established as vehicles for managing and investing its £50 million endowment: the Life Changes Trust and Life Changes (Trustee) Limited.

The Life Changes Trust is a registered Scottish charity, and operates under a Trust Deed granted by the Lottery, which includes support from a Trust Protector, who is appointed by and reports to the Lottery. The Trust Deed by the Lottery is dated 5 and 19 February 2013, constituting the Life Changes Trust and appointing as Trustee, Life Changes (Trustee) Limited (incorporated under the Companies Acts with registered number 440964, a Scottish Charity, with Scottish Charity Number SCO437350 and with registered office at Empire House, 131 West Nile Street, Glasgow G1 2RX). Life Changes (Trustee) Limited is the sole Trustee of Life Changes Trust.

The Trust Deed sets out the purposes of the Trust with respect to our endowment and provides the Trust with powers to support people affected by dementia and care experienced young people.

Life Changes (Trustee) Limited is a registered Scottish charity and limited company. Life Changes (Trustee) Limited is the collective Trustee of the Life Changes Trust. The directors of Life Changes (Trustee) Limited are in general control and management of that charitable company and the Trust, and are therefore, for the purposes of charity law, the charity Trustees of both organisations.

Work to set up the Life Changes Trust commenced fully from June 2013 when the CEO started in post and was able to support Trustees in establishing effective Trust governance and manage development of the Trust's operation on behalf of Trustees.

REPORT OF THE TRUSTEES & STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2014

The Trust is the main operating vehicle for delivering the work reported here. However, the Life Changes (Trustee) Ltd is the collective Trustee for the Trust and therefore an essential part of the constitutional structure of the Life Changes project.

Governance

Effective governance is essential if the Trust is to achieve its mission in line with its values.

Trustees' decisions regarding Trust governance, strategy and funding are made collectively through the Board and its sub-committees, which meet quarterly and operate within agreed terms of reference. All decisions are recorded in approved minutes which are published on the Trust's website to support transparency and accountability. Trustees receive quarterly performance reports from senior staff and also meet annually to review overall progress and governance arrangements.

Four sub-committees were established between summer and autumn 2013: Finance; Operations; People Affected by Dementia Programme Committee; Young Care Leavers Programme Committee (subsequently renamed Care Experienced Young People Programme). The Board met quarterly from June 2013 and its four sub-committees met quarterly from autumn 2013.

Committee and Board papers are distributed to Trustees and the Trust's Protector in advance of meetings to allow time for preparation and comment.

Between September 2013 and March 2014, the following elements of Trust governance were agreed and established:

- governance structure and arrangements
- terms of reference for the Board and its sub-committees
- role descriptions for chairs and members
- conflict of interest policy and procedure
- induction, communication and support arrangements for Trustees
- recruitment of advisors

The Trust's health and safety policy was also approved by Trustees.

In March 2014, the Board approved the appointment of two advisors with direct personal experience of care to support the Trust's Young Care Leavers' Programme Committee.

Trustees are supported in their governance role by a Trust Protector. The Trust Protector is an independent person with relevant skills who is appointed by the Lottery to provide oversight of the Trust to help ensure it is fulfilling its purpose and is effectively governed. The Protector does not make decisions but provides comment and guidance. The Protector receives all governance information and is able to attend any governance meeting. The Protector provides quarterly reports to the Lottery and publishes an annual statement. The Protector is a remunerated position and the costs of paying the Protector are included in the Trust's governance costs (see Note 7).

REPORT OF THE TRUSTEES & STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2014

Recruitment and Appointment of Trustees

Trustees are voluntary positions. New trustees are appointed by existing trustees through an open recruitment process.

- Vacancies are advertised on the Trust's website and through appropriate external media.
- Applicants apply through a CV and covering letter.
- All applications are received by the Trust's CEO and assessed for compliance with essential requirements.
- All applications which meet essential requirements are passed to the Trust's Chair and other trustees who have agreed to be on the recruitment panel.
- The recruitment panel assess applications and agree a shortlist of candidates for interview.
- Following interview the recruitment panel make recommendations to the next Board meeting concerning appointment.

Trustee Induction and Training

An induction plan is agreed with new trustees to provide them with appropriate induction to the Trust. This includes dates by when they will have read key information provided in the Trustee Induction and Governance packs, and meetings with key Trust personnel.

The Trust supports Trustees to undertake appropriate training which will help them fulfil their governance role. This will include payment of course fees and travel costs.

Trustees & Protector Expenses

Trustees and the Protector are paid for travel, training and development and other appropriate expenses incurred in fulfilling their work for the Trust. Trustees' and Protector's expenses are included in the Trust's governance costs (see Note 11).

People Management and Staffing

The Trust is committed to being an excellent and equal opportunities employer to attract and retain effective and committed staff. Between July 2013 and March 2014, the Trust established key human resources policies and procedures.

Permanent Staff

By March 2014, the following permanent staff were in post:

- CEO
- Business Manager
- Communications and PR Manager
- Communications Officer
- Administrative Assistant
- Personal Assistant to CEO
- Director, Care Experienced Young People Programme
- Programme and Funding Manager, Care Experienced Young People Programme

The following staff were under recruitment:

- Director, People Affected by Dementia Programme
- Programme and Funding Manager, People Affected by Dementia Programme

REPORT OF THE TRUSTEES & STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2014

Financial Management

The Trust is committed to ensuring sound financial management to maximise our efficiency and effectiveness and to minimise any risk of inappropriate financial conduct or fraud.

Between June 2013 and March 2014 the Trust established the following:

- a Trust financial management system which includes:
 - preparation of draft annual budgets by staff and approval by Trustees
 - preparation of monthly cash flow forecasts to support effective money management in our current and deposit accounts and future financial investments to maximise interest income
 - preparation and review of monthly management accounts by staff
 - preparation of quarterly finance reports by staff, including re-forecasted budgets and cash flow and investment reports and review and approval by Trustees through Finance Committee and Board
- financial procedures including delegated authority for authorising invoices and expenditure and spot checks
- interim investment arrangements to maximise the income the Trust can earn from its unspent capital

Trustees approved the 2013-14 budget at the December 2013 Board.

Funding Management

The Trust must ensure its funding management arrangements are efficient and effective. During 2013/14, the Trust started to develop its funding management policies and procedures, informed by good practice and support from other organisations, including Lloyds TSB Foundation Scotland. This work will be completed by the end of 2014.

Risk Management

Trustees and senior staff are committed to ensuring effective risk management across the organisation. During 2013 progress was made in developing the Trust's approach to risk management to support agreement of formal arrangements to be put in place during 2014.

The Risk Management Schedule is monitored by the staff Management Group with reports to and review by sub committees and the Board.

Related Parties

Life Changes (Trustee) Ltd is the sole trustee of the Life Changes Trust. Accounts relating to Life Changes Trust are consolidated with these financial statements.

REPORT OF THE TRUSTEES & STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2014

Purposes (objects) of the Trust (as per Trust Deed):

The Trust Deed states: 'The Trustee shall hold and apply the Trust Fund to pay and apply the same to or for the benefit of or in furtherance of:

- the relief of those in need by reason of age, ill-health, disability or financial hardship, the advancement of citizenship and community development and the advancement of education and health by a person-centred, holistic approach to the care and support of young people leaving care and older people with dementia, with the aim of improving the lives of the beneficiaries and their carers including through grants, awards or other support to formally constituted organisations and individuals
- the promotion of such similar charitable purposes, objects or institutions and in such proportions and manner as the Trustee shall think fit

'And on the basis that the Trustee may apply the Trust Fund in furtherance of the Purposes in such proportions and manner as the Trustee shall think fit, and (without limiting the generality of that principle) on the understanding that support may be provided through the Trustee giving financial assistance (whether through grants or loans) and/or providing (either itself or through consultants or others engaged by the Trustee) consultancy or other forms of in-kind support.'

Objectives and Activities

The mission of the Trust is to drive transformational improvements in the quality of life, well-being, empowerment and inclusion of people affected by dementia and care experienced young people.

Delivery of the Trust's mission is supported by a series of strategic objectives.

The following strategic objectives provide the foundation and framework for all the Trust's activities.

Objective: Develop, share and promote insight and learning to guide improved policy and practice which will transform our beneficiaries' lives.

The Trust:

- Works with beneficiaries and stakeholders and fund others to strengthen and share insight, learning from direct experience and research.
- Ensures that Trust funding decisions and activities are informed by understanding of context, needs, evidence of what works and innovation ideas.
- Facilitates better knowledge sharing among beneficiaries, practitioners, policy makers, and researchers. This will include direct contributions, facilitation and funding.
- Ensures appropriate and robust evaluation of Trust activities and funded initiatives.

REPORT OF THE TRUSTEES & STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2014

Objective: Fund initiatives which empower individual beneficiaries and strengthen their personal capacity, resources and resilience

This involves funding in a number of key areas, for example:

- small grants to individual beneficiaries so they can choose to do something that will make a positive difference to their life
- development of beneficiaries' learning and life skills
- development of beneficiaries' self-management, self-directed support and caring skills
- strengthening supportive relationships for beneficiaries including family, friends, peer and mentoring support, voluntary befrienders and good neighbour schemes
- improving beneficiaries' access to financial advice and money management training
- improving beneficiaries' access to employment
- strengthening beneficiaries' ability to be active citizens

Objective: Fund improvement and innovation in key services to transform experience and outcomes for our beneficiaries now and into the future

For example:

- a focussed improvement or innovation within an existing service
- a service-wide improvement initiative
- work force training and development
- a totally new innovative development

Objective: Fund initiatives which:

- strengthen beneficiaries' inclusion, participation and influence within their local communities, within services and wider society
- promote beneficiaries' human rights and equality
- promote public understanding and empathy towards our beneficiaries and challenge stigma and prejudice

For example:

- opportunities for beneficiaries to share their experiences and views
- opportunities for beneficiaries to be involved in guiding policy and practice improvements
- community development and engagement initiatives
- public education and awareness initiatives

Objective: Work with beneficiaries and stakeholders to influence improvements to policy and practice which will transform beneficiaries' lives.

For example:

- Trust funding for specific campaigning initiatives
- Trust endorsement and involvement in campaigning initiatives

Objective: Ensure the Trust is effectively governed and managed to deliver its Business Strategy.

Achievements and Performance

- **Care Experienced Young People Programme**

Insight, Involvement and Influencing

Between June 2013 and March 2014, the Trust provided interim funding to Who Cares? Scotland to allow them to develop their engagement, empowerment and influencing work with care experienced young people. This allowed Who Cares? Scotland and the young people they support to make a significant contribution to the Children and Young People (Scotland) Act 2014, which extends the right of care leavers to receive ongoing support into their young adulthood (up to 26).

This funding also allowed Who Cares? Scotland to:

- increase the number of participation groups they supported from 26 to 40 and increase the number of young people participating in these groups from 74 to 144
- organise a successful, first National Care Leavers' Festival in October 2013

In February 2014, the Trust agreed a further 11 months development funding for Who Cares? Scotland to enable them to test out and evaluate ways in which they could significantly improve their involvement and influencing work with care experienced young people.

Interventions

In March 2014, following considerable preparatory work, the Board agreed to fund piloting of an individual grants pilot scheme for looked after young people and care leavers.

- **People Affected by Dementia Programme**

Insight, Involvement and Influencing

In June 2013, the Trust agreed to fund a scoping study into the benefits of and approaches to establishing a long term panel (reference group) of people effected by dementia.

In November 2013, the Trust agreed to jointly fund, with the Joseph Rowntree Foundation, a survey on public attitudes to dementia, as part of the Scottish Centre for Social Research's rolling programme of surveys on public attitudes to key social issues.

In February 2014, the Trust also agreed to fund a bursary scheme to help people with dementia, unpaid carers and some front line staff attend the Alzheimer Europe conference to be held in Glasgow in October 2014.

Interventions

Following preparatory work, the Board agreed in March 2014 to fund piloting of an individual grants pilot scheme for people with dementia and their unpaid carers.

In February 2014, it was also agreed that the Trust would make a major investment in Dementia Friendly Initiatives (localities and organisations), particularly those which demonstrate real innovation and which could lead to transformational change.

REPORT OF THE TRUSTEES & STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2014

Communications and PR

In December 2013, the Trust established its communications and PR strategy and work plan for 2013/14.

Principal Funding Sources

The principal funding source for the Life Changes Trust is the Big Lottery Fund. The Trust also earns interest on funds invested.

Investment Policy

The Trustees are fully committed to managing the Trust's unallocated funds to maximise the income we raise through interest payments.

During 2013/14 The Trust operated an interim investment arrangement whilst they developed their plans for recruiting a Fund Manager. This interim investment arrangement involved staff managing Trust funds in deposit accounts which provided the Trust with the highest possible interest, whilst minimising risk.

Financial Review

The group's incoming resources for the year amounted to £49,715,948. These have been dealt with as shown in the consolidated Statement of Financial Activities.

The total funds of the group amount to £48,608,553. Of this, £48,570,598 represents the general fund (reserves); and £37,955 a designated fixed asset fund, reflecting the amount tied up in tangible fixed assets.

As this is the group's first year of operation, the relatively high expenditure on admin/governance compared to grant expenditure is evident. During the organisation's first year of operation, non-recurrent set up costs were incurred.

Reserves Policy

Given the Trust is currently managing a large capital asset arising from its endowment from the Big Lottery Fund (£48.6m at 31 March 2014) it was not necessary to establish a Trust reserves policy during 2013-14.

Plans for the Future

The Trust's future plans are outlined in our Business Strategy for 2014-23 and associated work plans.

LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE PERIOD ENDED
31 MARCH 2014

Statement of trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company'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.

Auditors

In accordance with company's articles, a resolution proposing that Wylie & Bisset LLP be reappointed as auditors of the company will be put at a General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the Companies Act 2006.

Approved by the Trustees and signed on their behalf by:


Trustee
EDEL HARRIS

Date: 11th November 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LIFE CHANGES (TRUSTEE) LIMITED FOR THE PERIOD ENDED 31 MARCH 2014

We have audited the financial statements of Life Changes (Trustee) Limited for the period ended 31 March 2014 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014 and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LIFE CHANGES (TRUSTEE) LIMITED FOR THE PERIOD ENDED 31 MARCH 2014

Matters on which we are required to report by exception

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

- the parent charitable company has not kept proper and adequate accounting records 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 or returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

Jenny Simpson (Senior statutory auditor)

168 Bath Street
Glasgow
G2 4TP

For and on behalf of Wylie & Bisset LLP, Statutory Auditor

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Date: 11th November 2014

LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)

FOR THE PERIOD ENDING 31 MARCH 2014

	Notes	Unrestricted £	Restricted £	2014 Total £
Incoming Resources				
Incoming resources from generated funds				
Voluntary income	4	49,338,186	-	49,338,186
Investment income	5	377,762	-	377,762
Total Incoming Resources		<u>49,715,948</u>	<u>-</u>	<u>49,715,948</u>
Resources expended				
Charitable activities	6	1,016,120	-	1,016,120
Governance costs	7	91,275	-	91,275
Total Resources Expended		<u>1,107,395</u>	<u>-</u>	<u>1,107,395</u>
Net incoming resources before transfers		48,608,553	-	48,608,553
Transfers between funds		-	-	-
Net income for the period		<u>48,608,553</u>	<u>-</u>	<u>48,608,553</u>
Reconciliation of Funds				
Total funds brought forward		-	-	-
Total funds carried forward	17	<u>48,608,553</u>	<u>-</u>	<u>48,608,553</u>

The statement of financial activities includes all gains and losses recognised in the period.


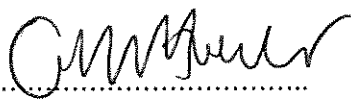
All incoming resources and resources expended derive from continuing activities.

LIFE CHANGES (TRUSTEE) LIMITED
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CONSOLIDATED BALANCE SHEET AT 31 MARCH 2014

	Notes	2014 £
FIXED ASSETS		
Tangible Assets	12	37,955
CURRENT ASSETS		
Debtors	13	151,385
Cash at bank and in hand		48,542,868
		<u>48,694,253</u>
Creditors: amounts falling due within one year	15	<u>(123,655)</u>
NET CURRENT ASSETS		48,570,598
NET ASSETS		<u>48,608,553</u>
Unrestricted Funds		
Designated Funds	17	37,955
General Funds	17	48,570,598
		<u>48,608,553</u>
Restricted Funds		
TOTAL FUNDS		<u>48,608,553</u>

Approved by the Trustees and signed on their behalf on 11th November 2014.

Name:  Name: 
 EDEL HARRIS CLAIRE LIGHTOWLER

Company No: 440964 (Scotland)

LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)

FOR THE PERIOD ENDING 31 MARCH 2014

	Unrestricted £	Restricted £	2014 Total £
Incoming Resources			
Incoming resources from generated funds			
Investment income	374,137	-	374,137
Incoming resources from charitable activities	353,280	-	353,280
Total Incoming Resources	<u>727,417</u>	<u>-</u>	<u>727,417</u>
Resources expended			
Charitable activities	353,280	-	353,280
Governance costs	15,914	-	15,914
Total Resources Expended	<u>369,194</u>	<u>-</u>	<u>369,194</u>
Net incoming resources before transfers	358,223	-	358,223
Transfers between funds	-	-	-
Net income for the period	<u>358,223</u>	<u>-</u>	<u>358,223</u>
Reconciliation of Funds			
Total funds brought forward	-	-	-
Total funds carried forward	<u>358,223</u>	<u>-</u>	<u>358,223</u>

The statement of financial activities includes all gains and losses recognised in the period.


All incoming resources and resources expended derive from continuing activities.

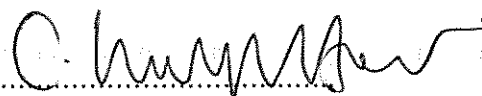
LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

CHARITY BALANCE SHEET AT 31 MARCH 2014

	Notes	£	2014 £
CURRENT ASSETS			
Debtors	14	149,092	
Cash at bank and in hand		45,542,153	
		<u>45,691,245</u>	
Creditors: amounts falling due within one year	16	<u>(45,333,022)</u>	
NET CURRENT ASSETS			358,223
NET ASSETS			<u>358,223</u>
Unrestricted Funds			
General Funds		<u>358,223</u>	358,223
Restricted Funds			-
TOTAL FUNDS			<u>358,223</u>

Approved by the Trustees and signed on their behalf on 11th November 2014.


 Name:
 EDEL HARRIS


 Name:
 CLAIRE LIGHTOWLER

LIFE CHANGES (TRUSTEE) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2014

	Note	2014 £
Net cash inflow from operating activities	19	48,585,896
Capital expenditure and financial investment		
Purchase of tangible fixed assets		<u>(43,028)</u>
Net cash (outflow) from investing activities		<u>(43,028)</u>
Increase in cash and cash equivalents	20	<u>48,542,868</u>

LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2014

1. Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

The Consolidated Accounts consolidate the financial statements of the charity and its subsidiary, by virtue of control, Life Changes Trust. The results of Life Changes Trust are consolidated on a line by line basis in accordance.

b) Fund accounting

- Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from commercial trading activities are accounted for when earned.

Income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods;
or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

LIFE CHANGES (TRUSTEE) LIMITED

(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2014

1. Accounting Policies (continued)

d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage as set out in Note 7.

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised, including any incidental expenses of acquisition.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold improvements	-	20% on cost
Plant & Machinery	-	20% - 33% on cost

f) Investments

Investments in subsidiary undertakings are included at cost.

g) Operating leases

Rentals paid under operating leases are charged to the statement of financial activities. The obligation to pay future rentals on operating leases is shown by way of a note to the Accounts.

h) Taxation

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

LIFE CHANGES (TRUSTEE) LIMITED

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NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2014

2. Legal Status

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

3. Subsidiary operations and investment in subsidiary

The subsidiary, Life Changes Trust, which operates in the United Kingdom, provides support to people affected by dementia and care experienced young people in variety of ways.

A summary of the trading results is shown below:

	2014
	£
Incoming Resources	49,341,811
Resources expended	(1,091,481)
Net income for the period	<u>48,250,330</u>

The assets and liabilities of the subsidiary were:

	2014
	£
Fixed assets	37,955
Current assets	48,307,093
Current liabilities	94,718
Total net assets	<u>48,250,330</u>
Aggregate share capital and reserves	<u>48,250,330</u>

4. Voluntary Income – Group

	Unrestricted	Restricted	2014 Total
	£	£	£
Big Lottery Fund	49,338,186	-	49,338,186
	<u>49,338,186</u>	<u>-</u>	<u>49,338,186</u>

LIFE CHANGES (TRUSTEE) LIMITED

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NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2014

5. Investment Income – Group

	Unrestricted	Restricted £	2014 Total £
Bank interest	377,762	-	377,762
	<u>377,762</u>	<u>-</u>	<u>377,762</u>

6. Resources Expended – Charitable Activities

	Direct Costs £	Support Costs £	2014 Total £
Dementia	220,911	213,140	434,051
Care experienced young people	368,929	213,140	582,069
	<u>589,840</u>	<u>426,280</u>	<u>1,016,120</u>

7. Resources Expended – Governance Costs - Group

	Direct Costs £	Support Costs £	2014 Total £
Accounts Preparation	1,308	-	1,308
Audit Fees	9,943	-	9,943
Legal Fees	30,216	-	30,216
Other Governance & Support	25,582	24,226	49,808
	<u>67,049</u>	<u>24,226</u>	<u>91,275</u>

LIFE CHANGES (TRUSTEE) LIMITED
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NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2014

8. Support Costs – Breakdown by Activities

	Dementia £	Care experienced young people £	Governance £	Basis of Allocation
Salary Costs	42,488	42,487	24,226	Time Spent
Agency Staff	74,498	74,499	-	Time Spent
Support General	89,944	89,944	-	Time Spent
Support Recruitment	6,210	6,210	-	Time Spent
	<u>213,140</u>	<u>213,140</u>	<u>24,226</u>	

9. Net Incoming Resources for the Period

This is stated after charging:

Depreciation	5,073
Auditors' Remuneration	
- Audit fees	9,943
- Accountancy	1,308
	2014 Total £

10. Staff Costs and Numbers

Staff costs were as follows:

Salaries and wages	150,352
Social security costs	14,742
	2014 £
	<u>165,094</u>

No employees received emoluments greater than £60,000 in the period under review.

The average number of employees during the period, calculated on the basis of fulltime equivalents, was as follows:

	2014 Number
Charitable activities	5
Governance	1
	<u>6</u>

LIFE CHANGES (TRUSTEE) LIMITED

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NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2014

11. Trustees' Remuneration and Related Party Transactions

No trustees received remuneration during the period under review. Nine trustees were reimbursed expenses in the year totalling £8,268. There were no other related party transactions in the period.

Life Changes (Trustee) Limited is the sole trustee of Life Changes Trust. Accordingly Life Changes Trust is regarded as a subsidiary undertaking. Life Changes Trust, which is incorporated in Scotland provides support to people affected by dementia and care experienced young people in variety of ways. Full details of the subsidiary's results for the year are given in note 3. All transactions between the two companies have been eliminated on consolidation.

12. Tangible Fixed Assets - Group

	Fixtures & Fittings £	Total £
Cost		
Additions	43,028	43,028
At 31st March 2014	<u>43,028</u>	<u>43,028</u>
Depreciation		
Charge for the period	5,073	5,073
At 31st March 2014	<u>5,073</u>	<u>5,073</u>
Net book values		
At 31 st March 2014	<u>37,955</u>	<u>37,955</u>

13. Debtors – Group

	2014 £
Other debtors	417
Prepayments & accrued income	150,968
	<u>151,385</u>

14. Debtors - Company

	2014 £
Other debtors	417
Prepayments & accrued income	148,675
	<u>149,092</u>

LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2014

15. Creditors: Amounts falling due within one year - Group

	2014
	£
Trade creditors	19,730
Other taxes and social security costs	7,735
Other creditors	96,190
	<u>123,655</u>

16. Creditors: Amounts falling due within one year - Company

	2014
	£
Other taxes & social security costs	7,736
Amounts owed by group undertakings	45,304,085
Accruals	14,805
Other creditors	6,396
	<u>45,333,022</u>

17. Unrestricted Funds - Group

	Incoming Resources	Resources expended	Transfers	Balance at 31 March 2014
	£	£	£	£
Tangible Fixed Assets (a)	-	5,073	43,028	37,955
General funds	49,715,948	1,102,322	(43,028)	48,570,598
	<u>49,715,948</u>	<u>1,107,395</u>	<u>-</u>	<u>48,608,553</u>

a) Designated fixed asset fund

The designated fixed assets fund represents the net book value of tangible fixed assets.

LIFE CHANGES (TRUSTEE) LIMITED
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NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2014

18. Net Assets Over Funds - Group

	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	37,955	-	37,955
Net current assets	48,570,598	-	48,570,598
	<u>48,608,553</u>	<u>-</u>	<u>48,608,553</u>

19. Reconciliation of net incoming resources before gains and losses to net cash inflow from operating activities

	2014 £
Net incoming resources before gains and losses	48,608,553
Depreciation of tangible fixed assets	5,073
(Increase) in debtors	(151,385)
Increase in creditors	123,655
Net cash inflow from operating activities	<u>48,585,896</u>

20. Analysis of changes in cash and cash equivalents during the period

	Cash Flows £	Non Cash Flow £	At 31 March 2014 £
Cash at bank	48,542,868	-	48,542,868
	<u>48,542,868</u>	<u>-</u>	<u>48,542,868</u>

21. Grants paid

During the period under review the group paid out the following grants:

	£
Who Cares Scotland	282,972
Alliance	170,430
Foundation Scotland	40,814
	<u>494,216</u>

LIFE CHANGES (TRUSTEE) LIMITED
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NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2014

ACCOUNTS APPROVED BY THE BOARD OF DIRECTORS AND THE TRUSTEES OF THE COMPANY ON 27 APRIL 2014

22. Other financial commitments

The annual commitments under non-cancellable operating leases in respect of plant and machinery are as follows:

Group and company	2014
	£
Operating leases which expire:	
Between one and five years	<u>19,265</u>
	<u>19,265</u>

The annual commitments under non-cancellable operating leases in respect of plant and machinery are as follows:

Group and company	2013
	£
Operating leases which expire:	
Between one and five years	<u>19,265</u>
	<u>19,265</u>

The annual commitments under non-cancellable operating leases in respect of plant and machinery are as follows:

Group and company	2012
	£
Operating leases which expire:	
Between one and five years	<u>19,265</u>
	<u>19,265</u>

The annual commitments under non-cancellable operating leases in respect of plant and machinery are as follows:

Group and company	2011
	£
Operating leases which expire:	
Between one and five years	<u>19,265</u>
	<u>19,265</u>

Statement of Financial Position as at 31 March 2019

The following pages are unaudited and do not form part of the statutory accounts.

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LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

PROTECTOR'S STATEMENT FOR THE PERIOD 8 MARCH 2013 TO 31 MARCH 2014

1 - I was appointed as Protector of the Life Changes Trust with effect from 8 March 2013 by letter dated 17 July 2013.

2 - The Trust Deed by the Big Lottery Fund (the 'Fund') dated 5 and 19 February 2013 (the 'Trust Deed') constituting the Life Changes Trust (the 'Trust') and appointing as Trustee Life Changes Trustee Limited (incorporated under the Companies Acts with registered number 440964, a Scottish Charity, with Scottish Charity Number SCO437350 and with registered office formerly at 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL and now at Empire House, 131 West Nile Street, Glasgow G1 2RX) (the 'Trustee') requires under para 13.1 that:

'The Protector shall in each year prepare a statement for publication by the Trustee in such format as the Protector shall think fit consisting of an explanation of the function of the Protector and how the function has been exercised.'

There is no prescribed format for such a statement.

3 – The Purposes of the Trust are:

- the relief of those in need by reason of age, ill-health, disability or financial hardship, the advancement of citizenship and community development and the advancement of education and health by a person-centred, holistic approach to the care and support of young people leaving care and older people with dementia, with the aim of improving the lives of the beneficiaries and their carers including through grants, awards or other support to formally constituted organisations and individuals; and
- the promotion of such similar charitable purposes, objects and institutions and in such proportions and manner as the Trustee shall think fit

4 – The Trust Deed also contains extensive and wide-ranging powers to the Trustee, appropriate restrictions on the power of investment and provisions regarding the delegation of that power.

5 – Further, the Trust Deed sets forth the Powers of the Protector which may be summarised as follows:

- to require to receive notice and accompanying papers in relation to all meetings of the Directors of the Trustee or committees of Directors of the Trustee
- to require to attend and speak at all meetings of the Directors of the Trustee and committees of Directors and to table items for discussion at such meetings but not to vote
- to require to consent to various matters

6 – Importantly, the Trust Deed sets forth an Expression of Wishes on the part of the Fund as settlor which establishes guiding principles to be observed by the Trust. As this is my first report, I think it is important to summarise the Expression of Wishes as this provides key guidance to the Trust and the Trustees on the way ahead.

The over-arching aim is stated as:

'To have substantial and lasting impact, and achieve long-term transformation change for two groups of young and older people in greatest need. It will have the overall purpose of helping improve individual lives. Whilst the Trust may seek to finesse this over time it is important that the central thrust of this broad aim is not weakened or lost as a result.'

PROTECTORS STATEMENT FOR THE PERIOD 8 MARCH 2013 TO 31 MARCH 2014

Further, the Trust should aim to achieve the following outcomes:

- Transform the life chances of young people leaving care
- Fundamentally improve the lives of older people with dementia
- Fundamentally improve the lives of the carers of older people with dementia

I comment on this aim and the outcomes further below at 10. In addition, the guiding principles include the following:

6.1 – Awards should generally be made available to formally constituted organisations or individual beneficiaries.

6.2 – Awards can be made for revenue or capital expenditure where these are clearly in pursuance of the desired outcomes.

6.3 – Awards to individuals should be carried out on a non-profit distributing basis.

6.4 – Awards should be open to all.

6.5 – Organisational applicants should be properly assessed and individual beneficiaries should have a demonstrable need that is appropriately referenced.

6.6 - Appropriate and relevant support and guidance should be available to potential applicants.

6.7 – Recipients should benefit from ongoing advice and support over the life of their project.

6.8 - The Trust should track and evaluate the impact of its investment. Further underpinning operating principles are stated and the initial focus of priorities is provided but there is an acknowledgement in the Trust deed that during the life of the Trust, it may prove appropriate to amend this initial focus in the light of good practice, local and national strategies, existing and emerging research and the Trust's own research and evaluation.

7 – The function of a Trust Protector has been variously described as that of 'watch-dog', 'mentor', 'overseer' and 'regulator'

7.1 A trust protector is a relatively new concept although the Fund has several in place. Historically, the concept of a trust protector developed in offshore jurisdictions where a Trust Settlor was concerned about appointing a trust company in a small, distant country as sole trustee of an offshore trust which was to hold a great deal of the Settlor's wealth. There was a rise of foreign asset protection trusts established by American citizens in the 1990s. At that time, self-settled asset protections were generally invalid in most US states. Those who established these trusts in foreign countries risked granting control of their assets to foreign trustees. To circumvent the risks associated with this, the Settlor would appoint a trust protector to supervise the management of the trust by the foreign trustee and if necessary, remove that trustee. Self-settled asset protection trusts became more permitted and more domestic trusts started using trust protectors.

7.2 I have had the benefit of two meetings with other Protectors appointed by the Fund which have identified the wide range of approaches taken by those concerned and the very differing circumstances with which they have been faced since the first Protector was appointed to the Fair Share Trust in 2003.

LIFE CHANGES (TRUSTEE) LIMITED

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PROTECTORS STATEMENT FOR THE PERIOD 8 MARCH 2013 TO 31 MARCH 2014

7.3 There is no 'one size fits all' in defining the detailed role of the Protector but the common key element is to ensure the proper administration and protection of the Trust property by the Trustee. In exercising that function, the Protector must act as a 'critical friend' and early familiarisation with the working principles and methods of the Trust and the Trustees is essential.

7.4 The Protector must be able to provide assurance to the Fund that the funds which it has provided to the Trust are being used in a wholly appropriate manner, that the aim and outcomes are being achieved and that the expression of wishes is being followed. I refer to this assurance below at para 11.

8 – As this is my first report, I have thought it appropriate to set out briefly the background to the development of the Trust and this is given at Appendix 1.

8.1 At Appendix 2, I have given my observations on the consequences of the development process in the hope that these might help inform any future use of the expendable endowment model.

9 – The various elements of the process by which I have sought to exercise the function of the Protector are as follows:-

9.1 In addition to the meetings of Trust Protectors referred to in 7.3 above, as an observer, I have attended the Trustee Board Meetings held in March, June, September and December 2013 and March 2014. I have also attended the Board Workshop held in August 2013 and the stakeholder events held in June 2013, January and March 2014.

I have also attended the various Board Sub-Committee meetings being the Dementia Programme Committee, the Young Care Leavers' Committee, the Finance Committee and the Operations Committee.

9.2 I have received and considered all relevant Minutes and papers for the meetings referred to in 9.1 and have been copied into relevant correspondence. Any requests for supplementary information have been met timeously and in full by the Trustee.

9.3 I have had two meetings with the Chair and the Chief Executive and two meetings with representatives of the Fund.

9.4 At this early stage of the Trust's development, these meetings have allowed me the opportunity to become and remain aware of the various stages of development and the steps being taken by the Trustee towards implementation of the aim and outcomes.

9.5 In particular, the meetings have evidenced for me the commitment of the Trustee Directors at this formative stage, their appreciation of their role and responsibilities and their anxiety to ensure that the Trust proceeds in an appropriate manner and direction.

9.6 In the course of and in the margins of the meetings referred to at 9.1 and 9.3 above, I have had the opportunity to discuss with Trustee Directors both individually and collectively, their consideration of the matters in hand. I have also had the opportunity of private discussion as requested by any Trustee Director in relation to any particular matter requested. In all of these discussions, I have found the Trustee Directors fully prepared to engage with me on an open and constructive basis.

PROTECTOR'S STATEMENT FOR THE PERIOD 8 MARCH 2013 TO 31 MARCH 2014

9.7 As part of the process of preparation of this settlement, I have also invited and received helpful comments from all of the current Trustee Directors.

9.8 I have also had several discussions with the Chief Executive and where appropriate, members of staff, about a range of issues and again, all these discussions have been on an open and positive basis.

9.9 I have been made aware of the Trustee's establishment of its website and its proposals to use this as an effective means of communication with beneficiaries, stakeholders and the wider community in which the Trustee seeks to operate. I am also aware that the Trustee is in the process of establishing an intranet as an efficient means of communication with and among the Trustee Directors and staff.

9.10 I am also aware that the Trustee has undertaken appropriate research, discussion and consideration in order to inform and establish a set of strategies and policies such as Funding Principles and Priorities, Ethical and Responsible Investment and Risk which will support its work as it moves forward beyond the establishment phase and into the next stage of implementation of its aim and delivery of its outcomes. This process of establishment is a necessary precursor to the award of grants, loans and other forms of support to beneficiaries and beneficiary groups and it is wholly appropriate and necessary that the Trustee has adopted a measured approach to these strategies and policies rather than rush headlong into the award of such support to the detriment of its role as an innovative and transformational trust as required of it by the Trust Deed.

10 – While the terms of the Trust Deed do not require me to do so, I wish to take this opportunity to comment as follows on the aim and outcomes of the Trust referred to at 6 above:

10.1 The nature of the aim and outcomes sets the Trust apart from other grant –giving trusts. It is expected to go further and achieve more than simply distributing funds to those in need. It is required to have a 'substantial and lasting' impact and 'achieve long term transformation change'.

10.2 As a consequence therefore, the Trustee has to be certain that the support – using that phrase in the widest sense - given to beneficiaries and beneficiary groups is by definition different from the support previously given to such, as there is adequate evidence that such previous support has not achieved the impact and change required of the Trustee. That is a tall order. The Trustee is therefore being required to sail into 'new waters' and remaining with that analogy, it requires to ensure that the boat is properly staffed and equipped, including the available charts and navigation equipment and the direction of the voyage is thought through and planned. The period taken since inception has been used to make these necessary preparations. The actual funding awarded to groups in the period under review has been limited and targeted and early anecdotal evidence suggests that some 'wins' are already being achieved.

10.3 I mentioned in 7.3 that there is no 'one size fits all' in defining the detailed role of the Protector. In the period under review, I have endeavoured at all times to act as a 'critical friend'. The Trustee Directors, Chief Executive and Staff have been receptive to my interventions and I am grateful to them for their acceptance and support.

**LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)**

charity number: 1134766
registered office: 100, The Quadrant, London, W1 8PF

PROTECTOR'S STATEMENT FOR THE PERIOD 8 MARCH 2013 TO 31 MARCH 2014

11 – Assurance

I am pleased to confirm that on the information available to me, I am able to provide to the Fund an assurance that the funds which it has provided to the Trust are being used in a wholly appropriate manner, that the aim and outcomes are being achieved and that the Expression of Wishes is being followed.

I look forward in my statement on the current year to recording further progress.

**Douglas R Graham
Trust Protector**

LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

PROTECTORS STATEMENT FOR THE PERIOD 8 MARCH 2013 TO 31 MARCH 2014

Appendix 1

Background to and Development of the Trust

1 – May 2010 - Big Lottery Fund announced its intention to invest £50 million by way of Expendable endowment over a ten year period to support positive, transformational change in the lives of two vulnerable groups in Scottish society who currently experience poor quality of life and social exclusion – people with dementia, their carers and young care leavers.

2 – The target funding was to be split equally between the two target groups and was (and is) an indication that both target groups are of equal importance to the Fund. Both these groups were identified as being among those groups most in need in Scotland. This focus was supported by wider research, the thrust of public policy, practice and strategy and by the Fund's consultation with the relevant sectors as part of the process of establishing the Trust.

3 – By making the investment over a term longer than their normal periods of support, the Fund's Scotland Committee made it clear its aspirations to bring about changes in policy and practice, ensuring an enduring legacy of improving the quality of life of individuals. The size of the investment by the Fund is an indication of the Committee's wish to see strategic engagement from those organisations and sectors currently providing support to both of the target groups.

4 – Early 2011 – the Fund invited tenders for an organisation to lead the setting up of the Trust and in April 2011, the contract was awarded to Long Term Conditions Alliance Scotland (who subsequently changed their name to the Health and Social Care Alliance Scotland – the 'Alliance') as the lead partner, with support from Foundation Scotland (the 'Foundation'), Glasgow Council for the Voluntary Service ('GCVS') and Who Cares? Scotland ('WC? S'). The Alliance, the Foundation, GCVS and WC?S are hereinafter collectively referred to as the 'founding partners'.

5 – The Fund required (1) an initial business plan with supporting documentation and (2) the establishment of Life Changes Trust as an independent, registered charity in Scotland and a company limited by guarantee to be in place before release of the endowment.

6 – The founding partners developed an initial business plan with reference to the then current policy context, selected research and some consultation with beneficiaries and stakeholders. A part-time consultant was recruited by the Alliance to support development of the Trust, with a focus on the dementia programme. The first version of the business plan was submitted by the founding partners in August 2011.

It was proposed that the Trust would be run through the Alliance, without independent staff. This version was rejected by the Fund.

7 – A consultant was contracted from August 2011 – January 2012 to support the founding partners further to prepare a revised second version business plan. This second version proposed an outsourcing model for the Trust's programme and grant-making arrangements for 2013-2016 through the Alliance and Foundation as managing agents and with GCVS and WC?S acting in delivery roles. This second version did not consider requirements of state aid, procurement or applicability of VAT and set out 45% overhead costs for the managing agents.

The plan also proposed the development and agreement of Service Level Agreements between the Trust and the managing agents. The founding partners hoped that these would be agreed by the Fund before the Trust was established. However, they were advised that this would not be possible as in law the Trustee would be responsible and accountable for such contracts and therefore these could not be created before the Trust was established. The plan did not recognise the further legal requirement for the Trustee once established to review and accept the business plan. The revised business plan was approved by the Fund's Scotland Committee in September 2012. (Hereinafter referred to as the 'ABP')

LIFE CHANGES (TRUSTEE) LIMITED
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PROTECTORS STATEMENT FOR THE PERIOD 8 MARCH 2013 TO 31 MARCH 2014

Appendix 1

8 - The Alliance appointed the Director for the Trust's Dementia Programme in 2012. The position was to be funded through the Trust. In December 2012, the Alliance advertised for additional staff to manage delivery of the Trust's dementia programme in line with the ABP. Such staff were employed by the Alliance through a competitive process in April 2013, again to be funded through the Trust. In line with the ABP, the Foundation recruited a Programme and Commissioning Manager for the Trust, employed by the Foundation and to be paid through the Trust. WCFS deployed current staff and used consultancy support in respect of participation elements in line with the ABP and funded by the Trust.

In March 2012, a development consultancy were contracted by the Fund and the Alliance to provide project and administrative support for the Trust's set-up phase. Particularly, but not exclusively, the consultancy was to work with the founding partners to develop draft Service Level Agreements and a monitoring and evaluation framework for the Trust.

9 – In October 2012, there was established a Trust Set Up Board ('SUB'), with an independent Chair and one trustee from three of the four founding partners. The SUB met three times on its own and had one 'hand-over' meeting with the Trustee once it had been established. The SUB appointed an external agency to recruit the Trustee Directors and Chief Executive Officer who were all appointed in February 2013 with the Trust established as a separate legal entity with charitable status on 8 March 2013.

10 – The Trust held its first Board Meeting in March 2013, in part with the SUB who then stood down.

11 – The Second Board meeting and Trustee Directors' induction was held in April 2013 and the Fund transferred £ 49.3 million to the Trust's bank accounts. There was a media launch organised by the Fund in April 2013, at which John Swinney MSP spoke and which was attended by the Trustee Directors and the CEO designate. The CEO took up employment on 3 June 2013.

PROTECTORS STATEMENT FOR THE PERIOD 8 MARCH 2013 TO 31 MARCH 2014

Appendix 2

Observations of Trust Protector on development process

- 1 – As it is likely that it will be financial year 2014-15 before the Trust starts to make any significant funding awards and even at that stage, these may well be in respect of targeted pilot projects, the three year development process summarised in Appendix 1 and subsequent set up period from June 2013 to March 2014 has created expectations on the part of stakeholders which will create communication and reputational challenges for the Trust.
- 2 – These challenges have exacerbated the challenges associated with the remit of the Trust to have a 'substantial and lasting impact' and 'achieve long term transformational change'.
- 3 – The development costs have depleted the funds available to achieve the overall aim and outcomes.
- 4 – The dual focus of the Trust may have resulted in dilution of achievement and only time will tell if the benefits of congruity can be demonstrated.
- 5 – Careful consideration requires to be given to the use of the outsourcing/managing agent model in view of possible staffing, taxation and communications consequences.
- 6 – Early recruitment of Trustee Directors would be advantageous and an appropriate skills mix and a realistic assessment of the time commitment required, particularly in the early phases of development, should form part of the recruitment process.

LIFE CHANGES (TRUSTEE) LIMITED
(A company limited by guarantee)

TRUSTEE RESPONSE TO PROTECTORS STATEMENT

On behalf of the Life Changes Trust and fellow Trustees, I would like to thank the Trust Protector, Douglas Graham, for his Statement for the period April 2013 to 31 March 2014. The Trust Protector will prepare a similar statement each year, summarising the function of the Protector and how the Protector's duties have been exercised.

The Trust acknowledges and agrees with the Protector's understanding of the purpose of the Trust and his own role and function within it, particularly with regards to his powers and involvement with Trust governance.

The Trust notes the Protector's summary of the Expression of Wishes as set out in the Trust Deed as well as the aims and guiding principles contained within.

The Trust recognises the Protector's summary of responsibility: that the Protector should ensure the proper administration and protection of the Trust property, act as a 'critical friend', be familiar with the working principles and methods of the Trust; and that the Protector will also ensure that the funds provided to the Trust are being used in a wholly appropriate manner, that the aim and outcomes are being achieved and that the expression of wishes is being followed.

The Trustees also acknowledge the accuracy of the Protector's understanding of the Background to and Development of the Trust, as laid out in Appendix 1.

The Trustees would like to thank the Protector for his observations on the development process; both for his comments on the challenges the Trust has faced during its first year and for his recognition of Trustees' commitment to ensure sound governance.

Trustees also acknowledge that the Protector understands and supports the direction of travel for the Trust, and that he is satisfied with the execution of responsibilities of staff who work for the Trust.

Finally, we would like to thank Douglas for his commitment to supporting the Life Changes Trust, helping it become a successful organisation focussed on achieving its mission effectively.

Edel Harris, Chair, Life Changes Trust, on behalf of Trustees