

# Annual reports and Consolidated reports

For the year ended 31 March 2021

**SCOPE**



Equality for  
disabled people

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# Trustees' Report

The Board of Trustees presents the Trustees' Report and audited Consolidated Financial Statements for the year ended 31 March 2021.

The Trustees' Report includes a Strategic Report. These two reports together meet the requirements for a Directors' Report. This is required by the Companies Act 2006 and by the Strategic Report and Directors' Report Regulations 2013. In approving the Trustees' Report, the Board of Trustees has also approved the Strategic Report.

# Chair's Report

Disabled people and their families have had an extremely tough year. Access to healthcare, funding, social services, friends and family, and employment have all been hit hard.

In some areas, attitudes towards disabled people have been woeful. In contrast, there have been inspirational stories of generosity, triumph, determination, and success.

I joined Scope last year, armed with first-hand experience of what it meant to be disabled when the world stood still. This made my decision to lead our organisation and people into a world beyond the pandemic an easy one.

The amazing Scope team have inspired and supported me. They've shown passion, effectiveness, selflessness and an incredible drive in every area of the organisation and in every corner of the country.

As we move towards Scope's 70th anniversary next year, we're looking to the challenges and the opportunities that lie ahead.

I want to share with you some of the thinking behind next year's programme of work.

With the UK moving into the next phase of the pandemic, we'll continue our work to make sure disabled people are at the forefront of the government's recovery plans and beyond.

Disabled people are already more than twice as likely to be unemployed than non-disabled people<sup>1</sup>. As the furlough support comes to an end, we'll track the employment situation for disabled people and continue to support them into employment. This includes building on our Work With Me network and encouraging an ever-growing number of businesses and organisations to become more inclusive. Diversity is only effective if all people ready to work can find and stay in work. And that needs employers to follow the path to inclusivity.

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<sup>1</sup> Labour Force Survey April to June 2020

Partnerships remain a strong element throughout our work. One major priority, in response to the experiences of many disabled people during the pandemic, is to address the accessibility of supermarket websites and support them in meeting disabled customers' needs. We'll continue to work with other businesses and our Scope Utilities Membership to drive down extra costs and make sure disabled customers can access the support services they need.

We'll continue to campaign for a better benefits system to make sure disabled people get the financial support they need and are treated fairly throughout the process.

Using the work we're doing as part of the Disabled Children's Partnership we'll help address the issues faced by many disabled families. We're developing a service specifically for young people to make sure they have the opportunities to fulfil their potential.

We'll make co-production with disabled people a cornerstone across all our work. Using this approach, we're already working with disabled people to establish new ways to fundraise and host accessible events, looking at applying this in our retail work and developing our services.

All of our 190 stores across England and Wales have a close network of volunteers and customers. We want to put greater emphasis on the communities of these shops. We'll be creating new stores that offer a fully inclusive retail experience and offer information and advice to local disabled people.

We know there are areas where we can still do better. We will make sure that our general information and advice services remain fit for purpose and meet disabled people's needs.

Equally, with referrals regularly outweighing the number of disabled people we're able to support, we'll look at new and innovative ways to increase our reach. We must expand our services and find additional sources of funding.

We know we cannot achieve any of this alone. But as part of a strong network of disabled people and allies, we believe we will create a society where disabled people can finally enjoy everyday equality.

## Chief Executive's Report

The last year has been incredibly challenging for everyone. While the pandemic has disrupted all our lives, it's disabled people who've been hit hardest. A shocking six in 10 people who've died from Covid-19 were disabled.<sup>2</sup>

Like everyone, we had to adapt our plans and change the way we work to meet these challenges. We moved to home and digital working, closed our shops, furloughed many colleagues and reduced overall working hours to save costs. Despite this, we're pleased that we were able to keep all our services running at full capacity, wherever we could – recognising that this was when many disabled people needed them most.

Over the past year, we've campaigned relentlessly for disabled people not to be forgotten by the government in its coronavirus response. We made sure disabled people's needs and experiences were heard, launching our We Won't Be Forgotten campaign in response to the pandemic.

While the past year has been full of obstacles, it's also brought opportunities. And it's pushed us to innovate and be bold. With more services forced to go online or be delivered by phone, we've been able to expand the areas of the UK we work in and reach even more disabled people.

The pandemic has made it even clearer that disabled people continue to be treated unfairly and unequally in many areas of life. That's why it's more important than ever that we use our collective power to change attitudes, end injustice and bring about concrete change for disabled people.

The charity remains financially secure despite the coronavirus crisis. The actions we took have allowed us to maintain our services and campaigning, retain jobs and ensure that the charity is in a good position to face the future as we adjust to the effects of the pandemic.

Although these are positive outcomes for the last year, some of our activities have been restricted, for example face-to-face fundraising, and this will have a longer-term financial impact and require a period of recovery. Many of our longer-term plans also had to be delayed by the events of 2020/21. We therefore have an ongoing challenge to continue to fund our work in these uncertain times and invest in the technology, people and operational support needed to provide the greatest impact in the years ahead.

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<sup>2</sup> Office for National Statistics (2021)

We've extended our Everyday Equality strategy and implemented a three-year financial plan which focuses on:

- continuing to provide relevant and important services to support disabled people, and their families, working towards our strategic goals and campaigning for equality and social change
- adapting our ways of working to maintain the efficiencies from new approaches
- growing and diversifying our income

I would like to say thank you to every one of you who has helped us and continues to help us achieve everyday equality for disabled people. Our work is only possible thanks to our 900 colleagues, our 4,300 volunteers and our many supporters, campaigners, fundraisers and shoppers. Special thanks also to our trustees and independent members, patrons, ambassadors, corporate partners and funders. We couldn't do this without you.

Every pound we raise is extremely important to us - in 2020/21 for every £1 we spent (excluding the cost of running our shops), 73% was spent on our charitable goals to help disabled people and their families (2019/20 63%) and we aim to increase this.

At Scope, we won't stop until we achieve a society in which disabled people have the same opportunities as non-disabled people. We know we still have a long way to go until disabled people and their families experience everyday equality. But with your support, we'll make this happen.

# Our objects and public benefit

## Objects

Scope is established for the public benefit and for general charitable purposes according to the laws of England and Wales and in particular, but not exclusively, for the promotion of the equality, diversity, independence and health of disabled people, especially those with Cerebral Palsy.

## Public benefit aims

In exercising relevant powers and duties, the Board of Trustees has considered the Charity Commission's guidance on public benefit. This report outlines how our performance during the year to 31 March 2021 has benefited the public.

# Strategic Report

## Our vision

We won't stop until we achieve a society where all disabled people enjoy equality and fairness.

## Our mission

We're a strong community of disabled and non-disabled people with a shared vision of equality.

We provide practical advice and emotional support whenever people need them most. We do this through our Scope helpline, our online community, a range of employment and family services, community engagement programmes, and more. All of our services are developed to achieve our strategy, Everyday Equality.

We use our collective power to change attitudes and end injustice. We partner with others to increase our reach and impact. And we campaign relentlessly to create a fairer society.

## Our impact

In 2020/21, we reached more than 2.5 million disabled people and their families through our support and advice services – that's half a million more people than the year before. And we grew the number of people campaigning with Scope for Everyday Equality to 47,000.

More details on all of our work are available in our impact report 2020/21 'Delivering Everyday Equality'.

## Our response to coronavirus

We made it our priority to keep all our services running throughout the pandemic by delivering them digitally or by phone. This meant we could expand services and offer them to people in parts of the UK we hadn't worked in before. We could also work with people who found travelling or busy locations a barrier.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Cross Theme, Information & Advice, Campaigning, Delivery of Services.

## Supporting disabled people

Our information and advice services have been a vital source of support for disabled people and their families. From dealing with unemployment to understanding workplace

rights, financial support to securing supermarket delivery slots – we’ve been there for people when they’ve needed us most.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Information & Advice, Delivery of Services.

## Access to food and essentials

When the lockdown began, many disabled people found themselves struggling to get food and essentials. We relentlessly lobbied the government to find solutions and made sure major supermarkets knew the issues disabled people were facing.

Following our campaigning, the government provided us, and several other charities, with access to priority slots, which we could then allocate to disabled customers who contacted our helpline.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Information and Advice, Campaigning.

## Campaigning for change

We launched our We Won’t Be Forgotten campaign, calling on the government to include disabled people in its coronavirus response and recovery plans.

In May last year, we produced ‘The Disability Report’ detailing the issues disabled people experienced during the pandemic. Our campaigners helped share the report with their MPs across 582 constituencies. We also delivered an open letter to the Prime Minister, which was signed by 30,000 people. And, almost one year on from the outbreak of Covid-19, 15,000 of our campaigners asked their MPs to call for an emergency package of support for disabled people.

As a result, we’ve seen government and policymakers take action. MPs raised questions in parliament, bringing issues from The Disability Report to the government’s attention. Our open letter received support from the Shadow Cabinet and a response from the Prime Minister.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Campaigning.

## Supporting disabled families

There are more than one million disabled children in the UK. To get the best start in life, it’s vital that disabled children – and their families – get the support they need early on.

However, often due to funding cuts and lack of resources, many families are finding it difficult to get this support. During the pandemic, for example, 75% of families reported delays to routine health appointments for their disabled child.<sup>3</sup>

At Scope, we believe every disabled child should be able to fulfil their potential and have the confidence to succeed as they grow up. So we're working to make sure every family gets the support they need to make this happen.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Get the best start in life, Delivery of Services.

## Our family services

Overall, we increased the number of families we directly supported through our tailored family services from 1,355 in 2019/20 to 1,687 in 2020/21.

Our Sleep Right service worked with 988 families to improve their disabled child's sleep and parents' resilience and wellbeing.

Navigate, our national mentoring service, provided emotional support for 444 parents and carers of disabled children.

Through our Parents Connect support programme, we worked with 255 parents and carers of young disabled people.

As part of our Activities for All programme, we worked with local leisure activities groups and organisations in Leeds to make them inclusive to all children. We also worked directly with disabled families, as we were one of the few organisations in Leeds continuing to provide support throughout lockdown.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Delivery of Services.

## Employment and welfare

The disability employment gap is the difference between the employment rates of disabled people and non-disabled people. And it's stuck at 30%. We're working to change this.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Being financially secure.

## Our employment support

We had to provide all our employment services online or by phone in 2020/21. This new way of working, as well as starting a new employment service, Working on Wellbeing, helped us reach around 30% more people than in 2019/20.

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<sup>3</sup> Disabled Children's Partnership – The Longest Lockdown (2021)

We're taking action to improve this further, for example by introducing tailored in-work support as part of our Support to Work service for disabled people who are looking for paid work.

Through our one-to-one support programme Kickstart, we also helped 196 disabled people to achieve their career goals. While our pre-employment training programme, Starting Line, supported 359 disabled people at the start of their journey into work – up by around 23% on last year.

Advisers at our Deloitte-funded Career Pathways programme provided independent careers advice to 202 young disabled people. And in partnership with the Legacy International Group, we launched Working on Wellbeing – an employment training and support programme for disabled people in Wales.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Delivery of Services.

## Working in partnership

We can't achieve our goals alone. That's why we've been working in partnership with lots of other organisations to champion more inclusive and accessible workplaces.

Through our bespoke Get Inclusive programme, we've been supporting 13 employers over the past year to be more inclusive in the way they recruit, retain and progress disabled employees.

Consulting firm Deloitte funds our Career Pathways service for young people and 50 of their employees have been supporting disabled people through mentoring, workshops, and helping with interview preparation. In return, we've provided sessions to support their staff to open up conversations around disability in the workplace.

More than a million disabled jobseekers have had employment advice and support through our Support to Work service and online information, thanks to our partnership with Virgin Media.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Campaigning.

## #WorkWithMe

More than 100 companies have joined Scope's free #WorkWithMe forum which is helping businesses to take accountability for how they employ disabled people and offers practical advice on how to improve the workplace and culture for disabled people.

## Campaigning for employment equality and a fairer welfare system

Our Disability Employment Gap (DEG) map, launched last year, highlights the employment inequalities disabled people face across the country. After speaking to 30 MPs about how to close the DEG at our virtual parliamentary reception, we saw an increase in

parliamentary questions on disabled people's employment and support from MPs on social media. We also provided evidence to the Work and Pensions Committee's DEG inquiry, including personal experiences from 300 disabled campaigners.

Disabled people receiving welfare benefits had the opportunity to share their experiences of the system with the Minister of State for Disabled People at a meeting we helped to organise.

Together with the Social Market Foundation, a cross-party think tank, we published a report setting out our vision for a better welfare system. We also supported a campaign to increase Universal Credit by £20 a week. The campaign led to a temporary increase, and we're now pushing to get that made permanent.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Campaigning.

## Extra costs

Disabled people face a price tag of £583<sup>4</sup> a month. These are costs that non-disabled people don't experience – they represent an unfair financial penalty for disabled people.

We're working with businesses to tackle this. Together we're making sure disabled people don't have to pay a higher price for non-specialist goods or services, like insurance. We also want to find ways to reduce costs for services they may need to use more of, like gas and electricity.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Being financially secure.

## A fairer energy market

We know many disabled people need to use more energy, for example to power their assistive technology, which means higher bills. During the pandemic, this has become worse as people have had to shield and stay at home.

It's one of the reasons why we partner with utility suppliers and network companies, through our Scope Utilities Membership. We collaborate with suppliers and network companies, like SGN and UK Power Networks, to help them reduce extra costs and improve services for disabled people. This includes raising awareness of the issues disabled people face across the sector.

We launched our own dedicated Disability Energy Support helpline in January 2021.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Campaigning.

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<sup>4</sup> Scope – The disability price tag (2019)

## Independence

If everyday equality is to be a reality for disabled people, we need to change attitudes and make physical and online spaces accessible. Disabled people need to have more influence over their lives so they can live independently and fulfil personal aspirations.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Live the life I choose.

### Supporting disabled people to be more independent

Last year, we provided 2,520,332 people with some of the essential support they needed to make informed decisions and live more independent lives – through our helpline, our online information and advice, and our online community.

We ran our community engagement programme in five locations across England, with funding from the People's Health Trust. The programme aimed to empower disabled people to take action and create positive change in their local communities.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Live the life I choose.

### The Big Hack

The Big Hack is our digital influencing programme. Working with businesses and organisations, The Big Hack aims to make sure websites, apps and online services are accessible to everyone.

Since the first lockdown, The Big Hack resource hub has seen a 968% increase in usage, with more than 75,000 people accessing it to learn how to make their digital products more accessible.

In June, we launched a campaign to improve the accessibility of online streaming services, highlighting good and poor practice. As a result, seven out of 12 platforms made accessibility improvements.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Campaigning.

### Thrive

Thrive is our training and employment partnership with UnLtd, an organisation that funds and supports social entrepreneurs. We worked with social entrepreneurs who are either disabled, or directly support disabled people to get into work as part of their business. Since 2018, Thrive has helped fund and support 53 social ventures.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Delivery of Services.

## Putting disabled people at the heart of what we do

Disabled people and their families' experiences are key to everything we do. We now have 80 storytellers who feel confident sharing their stories to support our fundraising, campaigning, press work and events. In the last year alone, 15 of our storytellers were featured in regional and national media.

We've grown our research panel to include almost 900 disabled people and parents and carers of disabled children. The panel helps us gather insights and develop new products and services, making sure they meet disabled people's needs. Last year, hundreds of panellists also reported on the issues they were facing during the first lockdown, informing our wider response to the pandemic.

In 2020, we published our first co-produced evaluation for our Support to Work service. We worked with disabled people as co-evaluators and peer reviewers at every stage of the process. This meant our analysis and recommendations truly reflected disabled people's experience. Co-producing our evaluations and making them publicly available is something we'll continue to do.

We continue to support disabled people to campaign for the change they want to see. We published a campaigning guide, giving disabled people the information they need to learn how to set up and run their own campaigns on issues which matter to them. Around 1,000 people accessed the guide. We also work with disabled volunteers across our shops and services, supporting them to build their confidence and experience.

Charitable activities listed in the Statement of Financial Activities that contribute to this: Campaigning.

## Looking Ahead

Over the coming year we will continue to progress work towards our Everyday Equality goals, focussing on the areas where the global pandemic has made life much tougher for disabled people and their families and using our collective efforts, partnerships and communities to make sure disabled people are not forgotten. Across the areas of employment, welfare, extra costs and family support next year we will push Governments, businesses and the public to work with us in addressing inequalities and removing barriers disabled people face.

We'll seek to co-produce much of our work with disabled people and families and we'll build on the changes we have had to make to our services during the pandemic to provide information, support and advice to disabled people who need it most. Next year we aim to highlight how the welfare system needs to change to be fairer and we'll focus on addressing the numbers of disabled people trapped in poverty. We'll continue to work with energy companies on addressing some of the extra cost of disability and will seek to work with regulators and others on driving down extra costs.

# Financial review

## Overview

For most charities, 2020/21 has been a year of significant upheaval. Like many others we have had to respond to the pandemic to continue operating in an environment which presented disabled people with unprecedented challenges and placed severe and changing restrictions on our activity.

We rapidly moved our services online to continue to provide support to our customers. Our social change activities became focused on being the voice of disabled people throughout the crisis and, alongside our partners in the Disability Charities Consortium (DCC), working with business and government to provide additional support to those disproportionately impacted by the pandemic. We continue to monitor the ongoing operational and financial impacts of coronavirus and are using reserves to balance expenditure where we are unable to wholly mitigate these effects.

We responded quickly to limit the financial impact of the pandemic – aiming to maintain all of our services and campaigning activities, preserve the jobs of our employees, and protect our financial stability for the future.

We closed our stores and limited our face-to-face fundraising when necessary and, where possible reduced costs to limit the impact of the loss of income. We've also participated in the Job Retention Scheme, claimed other government support grants, and our employees have reduced their working hours at certain times of the year.

The result is that we've been able to continue with all of our services and campaigning activities, we've not needed to introduce a further restructuring programme, and our financial position remains strong. This has been possible due to the incredible support of all our colleagues and volunteers. However, because the restrictions in place in 2020/21 reduced our ability to recruit new donors our income in future years will be affected. So to be able to recover in an environment of uncertainty we'll need to invest.

Since the disposal of our regulated services in April 2018 we've completed our third financial year of operation. All of our funding comes from the returns from our retail operations, our fundraising activities, our work with corporate partners and grants and fees for some of our services. We'd already been through several years of significant organisational change and some of our investment plans for 2020/21 had to be paused, reducing costs in the current year and delaying the outcomes. However we are in a good position to move ahead in 2021/22.

## Income

In 2020/21, we raised a total of £34.1 million (2019/20 £41.1 million).

This includes:

- £13.9 million from donated income including legacies (2019/20 £14.6 million)

- £5.3 million from grants, fees, and other income (2019/20 £4.5 million) excluding Coronavirus Job Retention Scheme and other Covid-19 government grants
- £9.4 million from trading activities including our shops and online sales (2019/20 £21.2 million)
- £5 million from the Coronavirus Job Retention Scheme and other Covid-19 government grants available to organisations affected by the pandemic
- £0.5 million from our portfolio of investments (2019/20 £0.8 million)

## Expenditure

During the year we spent £11.6 million on charitable activities supporting our mission for Everyday Equality – including our helpline, communities, employment and other programmes, as well as our research and influencing work. Excluding strategic spend, which was delayed due to the pandemic, this represents a 15% increase on 2019/20.

Every pound we raise is extremely important to us and we carefully plan our use of resources to get the most impact. In 2020/21 for every £1 we spent (excluding the cost of running our shops on the high street and online), 73% was spent on our charitable goals to help disabled people and their families (2019/20 63%). This percentage is likely to fluctuate over time but we aim to increase it. In common with most similar charities, our trading activities are not included in this calculation, as our shops operate like other retail businesses, raising net funds through selling merchandise.

We spent £4.3 million (2019/20 £7.3 million) raising donated income and £20.4 million (2019/20 £25.5 million) on maintaining our shops for the full year. The pandemic restrictions have meant that in this year we've suffered a loss on our retail operations, partly offset by government grants received. We continue to apply for all grants available and, now that we are open again, have a detailed performance plan that will increase the net contribution made to our charitable funds from retail over the next three years.

Our support costs decreased by £1.4 million (19%). This was the result of a full year of savings from our previous organisational restructure to better balance the organisation's size and shape, and also from cost reductions due to reduced activity during the pandemic. We aim to maintain the more efficient ways of working due to the adaptations and innovations we have made during the pandemic, but some costs are budgeted to increase again when we reinvest in activity that we had to put on hold.

## Net movement in funds

Our net increase in funds for the year of £0.9 million (2019/20 decrease of £4.1 million) is a result of:

- managing our ongoing operations in the context of the pandemic which generated an operating loss of £1.6 million (2019/20 £1.3 million)
- strategically investing £0.6 million (2019/20 £2.7 million)

- unrealised gains on investments of £2.8 million and defined benefit pension fund actuarial gains of £0.3 million (2019/20 net loss of £0.1 million)

Our operating loss for the year includes the net impact of the pandemic on our retail operations of £6 million, which has been partially offset by cost reductions in fundraising and service and operational support costs due to restricted activity. Although this limits the impact on the current year, the pandemic will make it more difficult to maintain our income in future years due to restrictions on our fundraising activity in the last year. As a result, we'll need to utilise some of our reserves in the next 3 years as we recover and grow our income to cover all of our costs.

## Fundraising

Income from donations and legacies includes donations from individuals, corporate partners and philanthropic organisations, as well as income from legacies and events.

Total income from these sources decreased by 5%. This is a positive result in the context of a year in which face-to-face fundraising was on hold for over half of the year, legacies were affected by probate delays and most events became virtual. We're very grateful to our regular donors who have stayed with us through difficult times and we maintain strong relationships with our individual giving delivery partners.

Our fundraising costs were temporarily reduced by 41%. This was due to the restrictions which meant we were unable to invest in recruiting future donors. We plan to increase our investment and activity as appropriate in the coming year, as well as diversifying our products and digital channels and enhancing our supporter journey.

Our partnership with Virgin Media, which ran for the last five years, generated over £5 million and provided employment advice and support to more than a million disabled jobseekers. We look forward to continuing to work with our corporate partners and building new strategic relationships that will increase our reach, impact and income.

## Retail

Although our stores were closed for over seven months of the year, they performed ahead of budget in the months when they were open – increasing turnover by 2% pro-rata. Since re-opening again in April 2021, trading levels have been very positive.

We continued to improve the quality of our retail portfolio in 2020, closing 17 of our less profitable stores and refitting and refurbishing one new store in Taunton. Further investment in new store openings, store relocations and a refit programme is planned, including new enhanced layouts and branding to maximise sales and provide a fully accessible experience in the community.

In 2020/21 we've continued our planned expansion of our e-Commerce offering, opening a dedicated warehouse and refreshing our product range.

We continue to be supported by corporate donations from our amazing partners. Marks & Spencer, Boden, Amazon, ASOS, Boohoo, DPD, Dune and LaundryRepublic were our main donors in 2020/21.

## Investing in our future

In the year to 31 March 2021, we spent £0.6 million on strategic investment for the future. This included development work on our Work With Me and The Big Hack programmes and the first stage of our implementation of a Customer Relationship Management (CRM) system to provide a better experience for the people we help and our supporters. Other planned strategic spend was limited by conditions under the pandemic, but as we emerge from restrictions, we have specific plans to continue with our investment in income generation, marketing, impact analysis and evaluation, digital and other systems development. We have £2.8 million allocated to the Everyday Equality reserve for this purpose.

## Reserves policy

We hold reserves to ensure that we have enough money to keep operating should our income fall or costs unexpectedly increase, as has happened through the pandemic. Reserves are also held to take advantage of strategic investment opportunities to further our mission. Every year we review the reserves policy, taking into account our strategy, our financial position and the risks assessed on the Corporate Risk Register.

In 2018 our reserves were increased significantly by the profit on divestment of our regulated services and the trustees are responsible for allocating these resources carefully for use by the charity. Since the divestment we have implemented a significant programme of transformation to become the organisation that Scope is today and we will continue to invest in our strategic goals – some plans were delayed by Covid and the challenges of operating during a pandemic but we plan to increase our investment in 2021.

We created a designated fund in 2017/18 to transform our organisation and deliver our Everyday Equality strategy. This investment includes building our future charitable offer, improving our infrastructure, using more digital technologies and making sure we grow and diversify our income generation activities. At 31 March 2021 the fund had a balance of £2.8 million based on our latest 3 year plan for investment.

Free reserves are defined as net assets excluding restricted funds, designated funds and funds used to acquire fixed assets for the charity's own use. The level of free reserves at 31 March 2021 for the group was £32.5 million (compared to £31.9 million at 31 March 2020). Note 21 to the financial statements shows the calculation of free reserves.

We hold a minimum of £12 million in free reserves in order to protect the financial future of the Charity and ensure that it can continue to operate in times of uncertainty. This amount is reviewed each year by the Board. In addition, our business plan budget includes

planned utilisation of up to £9 million of our free reserves over the next three years to fund our impact on the lives of disabled people while we recover from the impact of the pandemic, maintain and develop our services and campaigning activity, proceed with our strategic investment plans and grow our income over that period to cover our annual costs.

Free reserves in excess of this amount are held to invest in activities that deliver a sustainable impact against our goals in the future and to provide financial returns on our investments. We plan to put these funds to use in the next few years to support our charitable purpose and the Board will be discussing those plans during 2021/22 as part of the development of the next stage of our strategy.

## Going concern

The trustees have considered the financial position of the charity including cash, reserves and investment levels as well as future trading forecasts, in particular the impact of the current pandemic on the activities and financial results of the charity. After reviewing the current forecasts and considering the risks and uncertainties, as well as the reserves position, they concluded that the charity will continue to be able to meet its liabilities as they fall due for at least 12 months from the date of this report and therefore it remains appropriate to prepare the financial statements on the going concern basis.

## Investment policy and performance

Our investment objectives are to:

- cover short-term financial risks, ensuring security and liquidity of funds held
- preserve the value of the funds held in real terms to cover longer-term financial risks and funding for future development opportunities
- ensure low volatility in investment asset values
- provide certainty for our short- to medium-term planning
- achieve a total return on investments greater than the UK Retail Price Index (measured over a rolling three-year period)

Royal London Asset Management (RLAM) was appointed as our investment manager to handle our investments in line with a mandate provided in May 2011 and amended in August 2019.

We hold three different asset categories in our investment portfolio: equities, bonds, and cash or cash equivalents. We invest our unspent restricted funds and free reserves in assets that are secure, readily convertible to cash and will sustain their value in the longer term. Our balance between security, liquidity and maintaining long-term real value is achieved through the asset allocations, which reflect our investment objectives. We

have instructed our investment manager to operate the asset categories in the portfolio within the following ranges:

- 10% to 40% equities
- 20% to 46% bonds
- 41% to 100% cash or cash equivalents

We have applied an ethical approach to our investments policy:

- investments exclude companies with significant trading interests in armaments, tobacco, pornography, alcohol, gambling and animal testing (excluding medical research for the benefit of humans)
- we only invest in companies that Experts in Responsible Investment Solutions consider able to mitigate their environmental impact and exposure to regions that could represent a 'human rights risk'
- the fund manager makes sure companies within our portfolio have appropriate policies regarding discrimination on the grounds of disability, age, religion, race, gender and sexual orientation

The performance of the investment portfolio is formally assessed against the above criteria every year by the Finance Committee.

Our investments were worth £40 million as of 31 March 2021 (compared to £39.2 million as at 31 March 2020).

The overall performance of the portfolio for the year ended 31 March 2021 was 4.9% ahead of the benchmark. The asset allocation at March 2021 was 24% bonds, 35% equities, 41% cash and cash equivalents.

The portfolio includes a sub-fund created to provide security to the Scope Pension Scheme. The balance on this fund at 31 March 2021 was £5.1 million of which £4.25 million is secured for the Pension Scheme.

The portfolio includes a separate cash and cash equivalents fund of £8.2 million held separately in short-term assets to be used for planned strategic investment.

## Review of Scope subsidiaries

During the year ended 31 March 2021, we had two active subsidiaries:

- Scope Central Trading Limited
- Scope (IP) Limited

The activities of the subsidiaries, their assets and liabilities are included in these financial statements on a line-by-line basis. Transactions between subsidiaries such as sales from

one entity to another are taken out when consolidating the group accounts. Details of all our subsidiaries, including those which no longer trade, are given in notes 9 and 15.

### Scope Central Trading Limited

The company's main activities are buying and selling general merchandise, greeting cards, clothing and giftware in our retail shops, as well as raising income through other commercial services. Due to government restrictions in relation to coronavirus the shops were closed for several months during the year which had a direct impact on turnover.

The turnover for the year was £0.8 million (compared to £1.5 million in 2019/20). Net operating profit before the Gift Aid payment to Scope was £0.4 million (compared to £0.6 million in 2019/20).

### Scope (IP) Limited

The company's main activities are generating income from the intellectual property and sale of products associated with the Mindful Monsters brand.

## Environmental impact

We continue to move ahead in considering and minimising the impact that we have on our world whilst we work to deliver our Everyday Equality agenda. As part of this work on impact we're sharing the measurements of our carbon footprint. We considered this across three main areas:

1. direct emissions from activities owned or controlled by Scope that release emissions into the atmosphere. Emissions are generated from natural gas and are related to vehicles owned or leased by Scope
2. indirect emissions released into the atmosphere associated with our consumption of purchased electricity
3. other indirect emissions that are a consequence of our actions, including emissions related to business travel

Total CO<sub>2</sub>e emissions for the year were 696.2 tonnes (compared to 1,536.8 tonnes in 2019/20) of which: 84%, 582.1 tonnes, is related to the consumption of purchased electricity (72% and 1,112.9 tonnes in 2019/20); 6%, 43.2 tonnes, company vehicles (20% and 296.6 tonnes in 2019/20); 2%, 14.7 tonnes, natural gas (2% and 32.8 tonnes in 2019/20) and 8%, 56.2 tonnes, other indirect emissions (6% and 94.5 tonnes in 2019/20). We offset a portion of these emissions through purchase of a green energy contract.

In 2019/20 we set a target to reduce our emissions of CO<sub>2</sub>e per unit of floor area (square meter) by 2% per annum. The intensity ratio of total emissions per m<sup>2</sup> retail floor area for 2020/21 was 0.025 (0.0472 in 2019/20), a reduction of 47%. The main contributing factor to such a high reduction was the restriction on trade and travel due to coronavirus. Our target for 2021/22 is to reduce emissions by 4% compared to the base year of 2019/20.

## Pensions

We operate the following pension schemes:

1. a single employer defined benefit pension scheme. The 'Scope Pension Scheme', closed to further contributions on 30 June 2013
2. a defined contribution stakeholder pension plan, opened on 1 October 2003, when the above Scope Pension Scheme was closed to new members

The year-end valuation of the Scope Pension Scheme shows a surplus of £8.1 million based on Financial Reporting Standard (FRS) 102 assumptions (compared to a surplus of £18.3 million in 2019/20). The surplus decreased due to:

- a decrease in the discount rate during the year reflecting lower corporate bond yields during the pandemic
- an increase in the long-term expectation of inflation
- the Scheme's assets increasing by less than the discount rate assumed under FRS 102

We've not included the pension scheme asset in the balance sheet because, under the Pension Trust Deed, we do not have an unconditional right to any of the surplus. You can find out more in note 27 to the financial statements. The Scope Pension Scheme is now closed to new members and to future accrual.

## Principal risks and uncertainties

### Overview

During the year we reviewed and updated our risk management framework which sets out the roles and responsibilities for risk management at Scope and the approach to identify, manage, monitor and review risk, as well as communicating and learning from risk management activities. The revised framework and risk management model has been introduced and embedded within all departments at Scope.

The responsibility for the overall management and control of risk rests with the Board of Trustees with elements of the risk management process delegated to the Audit & Risk

Committee, Executive Leadership Team, Leadership Group, Corporate Risk Manager and other colleagues.

The Audit and Risk Committee oversees the corporate assurance framework, external audit and the annual programme of internal audit. The Committee takes the lead role on risk management oversight, regularly reviewing our corporate risk register, ensuring the risk management framework works, and feeding back recommendations to the Board.

Certain external environmental factors are outside our control. For example:

- changes in market conditions that can affect our income, such as coronavirus
- the value of investments we hold that can go up or down in line with general market trends
- government policy and other changes that may affect the lives and experiences of disabled people

The impact of environmental factors is monitored quarterly at a minimum (and more actively in times of significant impact). This allows us to respond quickly to any major changes and assess our continuity and mitigating actions in an agile manner.

We use a set of control systems within our corporate assurance framework so that everyone can feel confident that we are running our organisation and services effectively. Our internal auditors also systematically review our key activities and systems with priority given to strategic risks areas. While our auditors found important areas for improvement in our operations during the year, there are no significant control issues which would have a material adverse impact on the delivery of Scope's strategy or financial position were identified in the year ended 31 March 2021. Where issues have been found, we have agreed an action plan to remedy the weaknesses and this will be followed up during 2021/22.

## Our corporate risks

Our principal corporate risks are outlined below with management actions to mitigate either the likelihood of the risk occurring or its possible impact.

### Strategic and environmental risks

1. Failure to adapt quickly and strategically to external changes resulting in a reduced ability to continue to make a meaningful difference to disabled people.
2. Failure to stay relevant to beneficiaries' changing needs and deliver desired outcomes in a modern accessible way to achieve the most impact.

Mitigation for risk 1 and 2

- We will continue to introduce our co-production model to embed user voices in all our work.
  - Our communications, campaigns and influencing are insight led.
  - Our services and programmes are continuously evaluated.
  - Our audience and market insight function within our Strategy department works with external facing functions to make sure our services are relevant.
  - We have a strong 'critical' friend relationship with key government departments.
  - An evaluation study of Covid-19 impact on our services has been performed and findings will be used to adapt services.
  - Our research and evidence teams analyse insights from disabled people.
  - We continually assess new and existing activity against our impact framework.
  - Our KPIs and plans link directly to our strategy to focus our work on our five goals, with impact reported to the Board quarterly.
3. Failure to realise the potential of digital technologies and channels to connect with our audiences, reducing our impact and outcomes for disabled people, engagement with all audiences and income generation.

#### Mitigation

- We have a specialist digital team in place to support colleagues, with particular expertise in product management, user experience, front-end development and accessibility.
  - We have external agency support which gives us access to a wider range of platform and development expertise than we have in-house.
  - We trial new digital opportunities and ways of working through standalone digital initiatives.
4. Failure to generate the required net income to deliver our objectives efficiently and effectively. The impact of the coronavirus restrictions on future years and/or external economic conditions could prevent us from delivering plans to develop income opportunities in retail, fundraising and partnerships. This could be because of a delay in recruitment of key team members, lack of focus, lack of investment, or other reasons.

#### Mitigation

- We have a detailed business plan and budget including strategic investment to grow and diversify income streams.
- Our daily, weekly and monthly reports monitor income and leading indicators in detail,

enabling us to take corrective action where needed.

- A detailed retail performance improvement plan is underway.
- We have action plans for fundraising and partnership teams to build and monitor pipelines and we will recruit people with the skills needed to implement those plans.

## Operational risks

1. Safeguarding arrangements fail to: promote wellbeing; protect staff, volunteers or beneficiaries from adverse incidents; and enable effective handling and responses to current or historical allegations which may come to light, resulting in reputational damage.

### Mitigation

- We prioritise the safeguarding of all people that interact with Scope in everything that we do. Our safeguarding policy is clearly embedded in operational processes and led by a team of two specialist safeguarding roles.
  - The Board of Trustees has responsibility for oversight of safeguarding activity. A specialist Safeguarding Trustee sits on the Board and the Equality, Diversity, Inclusion and People (EDIP) Committee, and provides expert advice to the Board and Safeguarding Team.
  - A cross-organisation Safeguarding Steering Group, with designated safeguarding leads and external expert, provides oversight of safeguarding reporting, policies, procedures and resourcing and reports to the Board. We also monitor concerns and extract learning through the Retail Case Management Group.
  - The Safeguarding Team reviews all concerns via a centralised reporting system.
  - All employees and volunteers complete mandatory safeguarding training.
2. Scope's governance and oversight arrangements do not support effective delivery of objectives and strategy. Misaligned governance structures, a gap in skills or inadequate management information lead to ineffective oversight of delivery, resulting in a failure to identify and address issues when Scope is not delivering desired outcomes/value for money.

### Mitigation

- We conduct regular skills audits and carry out continuous succession planning using specialist agencies.
- Independent Members fill specific skills gaps.
- Trustees serve three-year terms and a robust induction process with specific training and development as needed, feedback and appraisal.

- We have regular external reviews of our governance.
  - We self-monitor against the Charity Governance Code.
  - We have robust financial and internal audit processes, including reporting against an agreed suite of KPIs and risk register.
  - We regularly communicate and have meetings with our members.
3. Scope does not attract and retain sufficiently skilled, experienced and diverse colleagues to deliver its ambitions.

#### Mitigation

- We work with specialist recruitment agencies where appropriate and review applicant data to improve our attraction processes. We also plan to increase our use of co-production in this area.
  - Our development and training programmes for colleagues are in place and are constantly reviewed as a priority to enable career progression.
  - We've reviewed our adjustment processes to positively support all colleagues to do their best work.
  - We will use colleague inclusivity networks and engagement surveys have helped us to identify areas for improvement.
4. Our technology may be vulnerable to attack and our Business Continuity Plan may not be responsive enough.

#### Mitigation

- We've an information and data security management framework to cover our security culture, security processes and IT security tools, and technology which is constantly reassessed in light of a changing environment.
  - Our Business Continuity Plan has been refreshed and aligned to ensure that it's fit for purpose alongside our current strategy and structure.
5. Potential funders may believe that an insufficient proportion of spend goes to the charitable offer or that funds are not making a meaningful difference for disabled people, leading to reputational damage and/or loss of income through fundraising.

#### Mitigation

- We've carried out a detailed review of cost allocation and presentation following divestment and restructure.
- We've a clear understanding of cost base which is monitored closely to budgets.

- We clearly explain the strategic and fundraising costs needed to achieve future objectives.

## Legal and regulatory risks

1. We fail to comply with relevant regulation or legislation, especially in relation to Disability legislation, Safeguarding, Health and Safety, General Data Protection Regulation (GDPR), Employment and company law.

### Mitigation:

- Our approach to safeguarding is noted in detail above.
- We ensure that all new spaces/environments are completely accessible to disabled people and continue to review existing space to ensure access requirements are maintained.
- We've adapted our service offer to the specific needs of those attending, for example providing signed sessions, and information in various accessible formats.
- We've clear guidance in place on our online community to ensure action can be taken to improve or remove inappropriate behaviours and we take clear action where individuals fail to uphold acceptable standards of behaviour.
- The Audit and Risk Committee regularly reviews our risk register and sets the programme of internal audit for the year. We've specialist Safeguarding, Data, and Health and Safety leads in place. We conduct regular horizon scanning against new legislation and seek independent advice where needed. We're improving our information security and data protection to work towards achieving Cyber Essentials status.

## Financial risk management

During our day-to-day operations, we need to manage a variety of financial factors, such as credit and liquidity risks. We also need to manage the risk of the financial impact of any shortfall in net income compared to budget (see strategic risk 4). We use different control mechanisms to manage these.

### Credit risk

This relates to the risk that another party fails to honour its financial obligations to us and, consequently, we suffer a monetary loss. We are exposed to credit risk from our investment assets, but the risk is relatively small due to the type of investments held and the track record of our investment manager.

Our investments of £40 million are managed by RLAM, an A-credit-rated organisation. RLAM's investment performance and credit rating are overseen by our Finance Committee.

Our main cash balances of £1.6 million are held in accounts managed by the NatWest Group. Smaller cash management arrangements are also held with other UK-based clearing banks. The credit rating of all these banks is considered when reviewing credit risk. We do not engage in any transactions involving derivatives or working capital.

## Liquidity risk

Liquidity risk is being unable to raise enough cash to meet our obligations when they fall due. We manage our liquidity risk by making sure we manage our cash flow effectively, tracking working capital and net current assets. We keep sufficient cash balances to cover our predicted obligations. We also have access to £8.2 million of cash investments, which we can access within 48 hours.

## Our structure, governance and management

### How Scope is constituted

Scope is led by our Board of Trustees who serve as directors under company law.

The Standing Orders of the Board of Scope set out the regulations for the conduct of the Board of Trustees and its Committees. The Memorandum and Articles of Association is the governing and prevailing document of the charity. In the case of any conflict between the provisions of the Standing Orders and the Articles of Association, the latter will prevail.

Scope is a registered charity (Charity Commission number 208231) and is a private company limited by guarantee without share capital (Companies House number 520866). It operates throughout England and Wales and was incorporated on 20 June 1953.

Scope and all its subsidiaries are registered at: Scope, 2nd Floor, Here East Press Centre, 14 East Bay Lane, London, England, E15 2GW.

### Methods used to recruit and appoint new charity trustees

The key constitutional provisions for appointment are Articles 32 to 36, as follows:

32. The number of Trustees shall not be less than seven nor more than ten (which shall include the Chair).

33. Save for the Chair of the Board, who shall be appointed in accordance with Article 34, Trustees shall be elected by the Members at the Annual General Meeting from amongst persons nominated for election by a committee established by the Board with delegated authority to make such nominations.

34. The Chair of the Board shall be appointed by the Board at its first meeting following the Annual General Meeting in each year upon receiving a nomination by a committee

established by the Board with delegated authority to make such nominations. The Board may refuse any person so nominated, in which case that committee shall nominate another individual to act as Chair. Upon their appointment, the Chair shall (if they are not already a Trustee) automatically become a Trustee.

35. The Board shall have power to co-opt any person to be a Trustee, but the total number of Trustees shall not exceed the number determined under Article 32. Any person so co-opted shall only serve in office until the next Annual General Meeting at which time they may be re-appointed by the Members if they have been nominated for election in accordance with Article 33.

36. Upon their appointment as a Trustee, a person shall automatically become a Member and they shall sign the Register accordingly.

## Nominations Panel

We have a Nominations Panel to make sure people who join the Board and its sub-committees have the skills, experience and expertise to govern to the high standards our customers, partners and supporters demand. The Panel oversees the search for, and recruitment of, trustees and Independent Committee Members. The Nominations Panel reports to our Board.

Standing Order No.2 – 2.1A notes that:

The Board shall establish a committee (the ‘Nominations Panel’) with delegated authority to make nominations for the election of the Chair and Trustees in accordance with Articles 33 and 34.

Once a Trustee is elected by the Members, they can serve a three-year term. They can then serve a maximum of a further three years if they and the members agree.

Our Trustees volunteer their time and do not receive any rewards or benefits. Any expenses reclaimed by Trustees are in our financial statements.

## Use of trustee brokerage services

Research by the Charity Commission shows that, whilst traditional methods for recruiting new trustees – personal recommendation and word of mouth – are still widely used, they are not necessarily the most effective ways of finding the people with the skills which the trustees have identified as being important for the role. These methods limit the field from which trustees can be drawn and therefore often reduce diversity. Using wider and more inclusive methods of searching for new trustees, such as advertising and using trustee brokerage services, can access a wider range of applicants and the Commission recommends that trustees consider these methods.

Accordingly, in early 2021, we appointed a company to provide such a service for Scope with diversity as a key part of the brief.

Recruitment proposals consider the skills of the trustees and Independent Committee Members and seek to address any gaps in existing skills and experience.

## How we make decisions

Article 39 of our Memorandum and Articles of Association says the Board “may make rules with respect to the carrying into effect of all or any of the purposes of the Company or all or any of the provisions of these Articles”.

The Board uses different governing documents to help it make the rules, including the following:

- The Standing Orders of the Board of Scope sets out the regulations for the Board of Trustees, its Committees and people working for and with us. It shows how the Board can delegate authority to individuals, the Executive, Committees and working groups.
- The Scheme of Delegation sets out what powers are delegated to staff through the Chief Executive, and which stay with the Board. The Scheme is a tool for decision making and giving guidance to staff, so decisions are made by the right person or group.

The Chief Executive is responsible for the operational management of Scope and regularly reports important issues and updates to the Board of Trustees.

## Induction and training of trustees

The Standing Orders set out the policy on trustee training, skills analysis and how the Board is evaluated. This includes annual appraisals, the identification of ongoing training needs and induction training.

We provide all trustees with a full induction once they start. The induction provides a detailed briefing on the legal roles of trustees and directors, as well as of our history, structure, mission and purpose. Face-to-face induction of some new trustees was partially impacted by the coronavirus lockdown period. However, online meetings were held with key stakeholders instead.

As part of the role, trustees usually regularly visit our services and shops. They get time to meet staff and volunteers and gain first-hand experience of what we do and how we do it. However, this has not been possible during 2020/21 due to the pandemic but will be reinstated in 2021.

Each trustee has an annual one-to-one appraisal with the Chair of the Board. This is an opportunity to set objectives and discuss training needs.

## The Board of Trustees and its Committees

Charities exist to fulfil their charitable purposes. Scope is governed by our Board of Trustees who have a responsibility to understand the environment in which Scope operates and to lead us in fulfilling our purposes as effectively as possible with the resources available. To do otherwise would be failing beneficiaries, funders and supporters. The Board's core role is a focus on strategy, performance and assurance.

As well as the main Board, three standing Committees report on specific issues:

- Audit and Risk
- Finance
- Equality, Diversity, Inclusion and People

Each Committee has agreed terms of reference. Membership of all Committees both includes members of the Board of Trustees and Independent Members. Independent Members play an important governance role. Their contribution helps ensure advice and assurance through the committee structure is informed by the relevant expertise and experience. The role is also designed to provide the opportunity to develop leadership skills and help them become a trustee in the future.

The Chair of each Committee reports to the Board of Trustees at every Board meeting, presenting the most important activities undertaken and decisions they have made. The Committees also give the Board their support and advice in their specific areas, ensuring the Board is fully equipped with knowledge, expertise and experience, whatever the subject.

The Audit and Risk Committee oversees the corporate assurance framework, internal and external auditing and risk management.

The Finance Committee makes sure we use our financial resources and assets appropriately.

The EDIP Committee oversees, reviews and connects all policy and strategic matters relating to Equality, Diversity, Inclusion (ED&I) and People issues across the organisation and ensures that Scope becomes an exemplar of social change in this regard.

## Scope Assembly

The Scope Assembly is elected by the membership to take members' views to trustees and the Executive Leadership Team. The Assembly gives members the opportunity to hear news and updates and give feedback on decisions and initiatives.

In the last year we've been talking to our assembly members about their role and growing our membership. In the coming year we will set out plans for growth and begin work to expand the membership. Scope and our assembly members are particularly keen to engage more young people in our work and through the membership help shape our future plans.

## Charity Governance Code

The Board of Trustees considers Scope to have high-quality governance arrangements. In 2017/18, we started using the Charity Governance Code to review and improve our governance arrangements. In 2019, the Board of Trustees agreed to fully adopt the Code and in March 2021 confirmed that Scope would continue to fully adopt the revised Charity Code of Governance as refreshed in December 2020.

With a new Chair now in place, we're planning to have an external review of governance in late 2021.

## Our directors and trustees

The trustees in office during the year and up to the date of signing the financial statements are:

Alexander Massey

Andrew Hooke

Claire Flint

Donna Glover (appointed 16 April 2020)

Mark Johnstone

Matthew Johnston

Rebecca Simmonds (resigned on 28 February 2021)

Robin Hindle Fisher (resigned on 21 November 2020)

Robin Millar (appointed 30 June 2020), Chair

## Chief Executive

Mark Hodgkinson

## Legal and administrative details

### Independent auditors

Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD

### Solicitors

Anthony Collins Solicitors, 76 King Street, Manchester, M2 4NH

### Bankers

National Westminster Bank plc, City of London Office, Corporate Business Centre, PO Box 12263, 1 Princes Street, London, EC2R 8PH

### Investment advisers

Royal London Asset Management, 55 Gracechurch Street, London, EC3V 0RL

### Company secretary

Joy Walton

### Registered office

Scope and all subsidiaries are registered at Here East Press Centre, 14 East Bay Lane, London, E15 2GW

## Promoting success

The Trustees, as company directors of Scope, as those of all 'large' UK companies, must act in accordance with a clearly defined set of duties which are enshrined in s172 of the Companies Act 2006. Namely "the directors of a company must act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so, the directors must have regard, amongst other matters, to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others

- 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
- the need to act fairly between members of the company.”

As part of their induction, directors are briefed on these duties and can access professional advice on these as necessary, either from the Company Secretary or independently. Our directors fulfil their duties partly through a clearly defined governance framework, delegating day-to-day operations to the Executive Leadership Team and sub-committees of the Board in line with the terms of reference. These activities are described in greater detail above.

The following paragraphs further detail how Scope's directors exercise their duties.

## Planning and decision making

There are clear processes in place around annual and longer-term planning, supported by the devolved activity of the Finance Committee, alongside investment review panels held by the Executive Leadership Team. Larger financial, or strategic decisions are taken in line with our scheme of delegation, which sets out the parameters for delegated approvals from the trustees. Investment of reserves is discussed in greater detail on pages 17-18 (the reserves policy).

## Our colleagues

In 2020, we faced possibly Scope's most challenging year. Our colleagues have been instrumental to coming through this time – working to achieve our mission and goals, providing services and supporting our customers. We were able to move seamlessly from face-to-face to a purely digital offering.

This year has seen many changes for our colleagues and we've been committed to supporting them to continue delivering for our customers. This work has been centred around keeping our colleagues connected, supporting their wellbeing, and developing their skills whilst working from home.

We've launched our new leadership programmes:

- Courageous Leadership, co-produced with disabled experts internally and externally
- Connected Leadership – a pilot for aspiring leaders delivered during our November lockdown
- our reverse mentoring scheme has begun as part of the Courageous Leadership programme, with colleagues with protected characteristics mentoring our senior leadership

And our new online learning hub called Scope to Learn has gone live, bringing together a lot of our training provision into a web-based tool that allows access from anywhere.

We've developed our engagement strategy to build on the work undertaken this year. Our all-colleague engagement survey shows real positives with some strong indicators that show genuine levels of engagement within Scope. Of our colleagues, 95% believe they are committed to Scope, with 87% believing their fellow colleagues are also committed to what we do. There are areas we need to continue to focus on around development and communication, and a group of colleagues are working together to support this work.

Our people data shows that we have made some real progress in ED&I. We know we have a lot more to do, but we also now have a body of evidence supporting our approach and a plan to bring together a strategy that will create sustainable progress.

## Our People data:

### Disability

In the last four years the number of disabled people we employ has risen in both the ways that we measure. Our engagement surveys show a rise from 14% in 2017 to 19% in October 2020. Our HR data has also improved from 8% in 2017 to 12.3% as of 31 December 2020. We intend to carry out research in 2021 into why there might be a difference in disclosure and then make any changes required to encourage further openness.

For the first time we've gathered information about the diversity of our volunteers and know that 34% of our volunteers are disabled or self-described their impairment or condition.

### Gender

We have made significant progress in reducing our gender pay gap although there is clearly more we need to do in this area.

### Ethnicity

Our organisation is still predominantly white British in ethnic makeup, with 88% of all our employees being white. In our London office, 25% of employees are black, Asian or of mixed ethnicity, whilst the population of London is now over 40% non-white.

The make-up of our volunteers is like that of our employees overall, with 91% of volunteers who completed the engagement survey being white.

Our race action plan, developed in response to Black Lives Matter, and directly with recommendations made by our own black colleagues, seeks ways to improve the ethnic

diversity of Scope. By representing the whole population we will better engage with disabled people in our charitable purpose.

## Sexual orientation and gender identity

Our engagement survey shows that 10% of respondents say they are lesbian, gay, bisexual, trans, queer, questioning or other (LGBTQ+). Only 6% chose “prefer not to say”. In 2017, 10% of colleagues chose “prefer not to say”, whilst the number of LGBTQ+ respondents was also 10%.

Of our volunteers, 8% said they were LGBTQ+ and 7% chose “prefer not to say” as an option.

## Some highlights in our data:

- We’ve increased the pay advantage for most disabled people at Scope.
- Although overall a positive picture, the figure had masked some areas where we performed less well for example at a senior level and this has seen positive movement with an increase in the number of disabled colleagues at senior levels.
- We’ve evidence that where we implement strategies to recruit more disabled people and make our intent transparent, we’ve succeeded in recruiting more disabled people into those roles.
- We’ve increased the satisfaction levels with our reasonable adjustments process.
- Two new colleague networks have been formed, the race in equality network and the mental health and wellbeing network, in addition to our disabled colleagues’ network.
- We’ve increased the number of women working in senior roles and reduced our gender pay gap for the second year running.
- For the first time we’ve gathered volunteer diversity data.

We also achieved many of the actions set within our Disability and Wellbeing, and Gender Pay Gap action plans. Where we haven’t achieved our actions, the pandemic has been a factor and we’ve made progress towards achieving them despite the difficulties we’ve all faced in 2020.

Our actions for the coming year and beyond aim to be ambitious and wide reaching, but with recovery from the pandemic in mind, we’re also proposing to spend time engaging with colleagues and stakeholders to develop the best approach to ED&I for Scope.

## How senior pay is set

We set the pay and reward for senior staff by:

- evaluating the role against others in Scope from different job families to make our pay structure consistent
- using market data from sector pay surveys and reports

To make sure we're doing all we can to achieve our mission, there's some flexibility on pay and reward so we can work with the best people. Our overall policy on pay and reward is agreed by the EDIP Committee and approved by the Board of Trustees. This includes recommendations from the Chief Executive on the Executive Leadership Team's pay. The Committee also recommends to the Board of Trustees the Chief Executive's pay.

In April 2020, executive pay was reviewed, and no increases awarded. During periods of lockdown and reduced activity the Executive Leadership Team, along with other colleagues not directly involved in the provision of services, reduced their hours by up to 20% to help manage cost.

| Role                                                                                                    | Gross salary for the year ended 31 March 2021 | Employer pension contributions in 2020/21 | Total financial reward | Annual salary |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|------------------------|---------------|
| Chief Executive                                                                                         | £133,740                                      | –                                         | £133,740               | £150,000      |
| Executive Director of People                                                                            | £73,539                                       | £5,358                                    | £78,897                | £82,500       |
| Executive Director of Strategy, Impact and Social Change                                                | £72,115                                       | £3,501                                    | £75,616                | £82,000       |
| Executive Director of Retail and Communities (from 1 June 2020)                                         | £107,896                                      | £1,459                                    | £109,355               | £140,000      |
| Executive Director of Engagement, Enterprise and Delivery (to 30 June 2020 including ex-gratia payment) | £75,360                                       | £875                                      | £76,235                | –             |
| Executive Director of Finance and Technology Services (from 3 August 2020)                              | £73,982                                       | £1,276                                    | £75,258                | £120,000      |
| Executive Director of Fundraising and Engagement (from 3 August 2020, 0.8 FTE)                          | £64,599                                       | £8,398                                    | £72,997                | £104,000      |
| Executive Director of Services (from 9 February 2021)                                                   | £7,715                                        | £347                                      | £8,062                 | £82,000       |
| Total                                                                                                   | £608,946                                      | £21,214                                   | £630,160               | £760,500      |

## Business relationships and fundraising

The relationships with Scope's members, volunteers, customers and suppliers are critical to the successful delivery of our mission. The Executive Leadership Team understands and

monitors key supplier and contractual relationships to ensure the effective management of both value for money and risks. Outside of the work undertaken within our policy and change areas, Scope's key supplier relationships are with our fundraising partners – see Fundraising governance below.

## Community and the environment

Supporting our customers within their communities is at the heart of our Everyday Equality strategy. We seek to provide support in the ways that our customers can best access it – across the country with a local focus, nationally delivered. The work that we undertake with government, supporting social change through policy and education underpins this and our shops are a key presence, working with volunteers and customers at the heart of 190 local communities.

We continue to move ahead in considering and minimising the impact that we have on our world whilst we work to deliver our Everyday Equality agenda. We've a number of initiatives in place to support this and where possible we work with suppliers who are equally conscious of their impact on the environment. Information about our environmental impact and reporting is shown on pages 20-21.

## Our members and the Scope Assembly

Acting fairly and listening openly to the views of all of Scope's members is a fundamental tenet of our business. Scope has 641 members as at 31 March 2021.

The Scope Assembly is elected by the membership to take members' views to trustees and the Executive Leadership Team. The Assembly gives members the opportunity to hear news and updates and give feedback on decisions and initiatives.

## Fundraising governance

We fundraise to deliver everyday equality for disabled people. We do this by providing direct services and by campaigning to change society.

Our supporters volunteer their time, donate money, fundraise on our behalf, take part in events, campaign, raise awareness and give us their expertise so we are even more effective.

Support from corporate partnerships, charitable trusts and high net worth individuals funds our innovative and evidence-based services. Financial investment and pro-bono support mean we can increase our reach, amplify our voice and make even more impact on the lives of disabled people.

We've the highest standards of professional fundraising and encourage our staff to join the Chartered Institute of Fundraising's training courses and specialist interest groups. We subscribe to the Fundraising Regulator to ensure that we're respectful, open, honest and accountable in line with our organisational values. We're transparent about how we raise and use public donations and the impact they have on the lives of disabled people and their families.

We take great care in choosing third party suppliers, ensure that our contracts specify that they follow fundraising best practice and closely monitor how they fundraise on our behalf. We mystery shop and shadow our agencies very regularly, so we're confident they're displaying the standards we expect of them.

We work hard to give our supporters the best possible experience of Scope. But we understand things can go wrong and we take all concerns and complaints seriously. We provide a complaints procedure through our website.

The number of complaints received in relation to fundraising activities in 2020/21 was 36 complaints (94 in 2019/20). All complaints were resolved satisfactorily through our internal processes, none were escalated to the Fundraising Regulator. Covid-19 restrictions have limited our fundraising activities which has contributed to the reduction in the number of complaints.

CC20, published by the Charity Commission, gives trustees guidance on their duty to oversee their organisation's fundraising. The Board of Trustees has received guidance and updates on fundraising best practice.

## Safeguarding

The Board of Trustees is committed to promoting the welfare and wellbeing of children and adults at risk and makes sure there's the right level of protection and safeguarding for anyone who connects with Scope. The Board of Trustees is ultimately responsible for safeguarding at Scope, and makes sure incidents and allegations are handled with speed, efficiency and rigour.

Scope has a Lead Trustee for Safeguarding; they share the responsibility for safeguarding equally with the rest of the Board but have specific skills and experience to help drive forward best practice. The Board of Trustees has oversight of safeguarding and it's on every agenda at the quarterly meetings. At Executive level, the Chief Executive has responsibility for safeguarding. Additionally, all leaders are responsible for setting the standard and modelling behaviour that reflects our values, complies with our safeguarding policy and procedures, and protects customers and colleagues.

We've a Safeguarding Steering Group which meets four times per year. It supports and reviews the progress of the safeguarding strategy. We've two full-time equivalent safeguarding professionals who ensure safeguarding responses are appropriate, consistent and that the individual's wishes and rights are upheld. They also ensure that all our staff and volunteers are provided with a level of safeguarding training.

Alongside other serious incident reporting, we report safeguarding incidents to the Charity Commission and other relevant regulators in line with our Reporting Serious Incidents Guidance.

## Directors and trustees' indemnity

During the year we had in place an indemnity provision in favour of one or more of our directors and trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. This third-party indemnity provision remains in force as at the date of approving the Trustees' Report.

## Statement of trustees' responsibilities

The trustees (who are also Directors of Scope 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 regulations.

Company law requires the Board of Trustees to prepare financial statements for each financial year. Under that same Law, the Board of Trustees has prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable Law (United Kingdom Generally Accepted Accounting Practice).

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 the 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 'Accounting and Reporting by Charities: Statement of Recommended Practice 2015' ('Charities SORP')
- make judgements and estimates that are reasonable and prudent
- state whether FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' has 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 charitable company will continue in business

The Board of Trustees is responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Board of Trustees is aware:

- there is no relevant audit information of which the company's auditors are unaware
- they have taken all the steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

The Board of Trustees is responsible for the maintenance and integrity of the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may be different from legislation in other jurisdictions.

The Trustees' Report and Strategic Report were signed on behalf of the Trustees by:

A handwritten signature in blue ink, appearing to read 'RM', with a long horizontal stroke and a small upward flick at the end.

Robin Millar  
Trustee

A handwritten signature in blue ink, appearing to read 'MJ', with a large, looping initial 'M' and a long horizontal stroke at the end.

Mark Johnstone  
Trustee

Date: 25 June 2021

# Independent Auditor's Report to the Members of Scope

## Opinion

We have audited the financial statements of Scope ('the company') for the year ended 31 March 2021 which comprise the Group Statement of Financial Activities incorporating the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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.

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 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.

## 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

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

In the light of the 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 trustees' annual report.

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

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

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 40, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group 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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council and UK taxation legislation.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP*

Andrew Stickland (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Date: 30 June 2021

# Group statement of financial activities

(Incorporating an income and expenditure account)

For the year ended 31 March 2021

|                                                   | Note | 2021                       |                          |                     | 2020                       |                          |                     |
|---------------------------------------------------|------|----------------------------|--------------------------|---------------------|----------------------------|--------------------------|---------------------|
|                                                   |      | Unrestricted funds<br>£000 | Restricted funds<br>£000 | Total funds<br>£000 | Unrestricted funds<br>£000 | Restricted funds<br>£000 | Total funds<br>£000 |
| Income and endowments from:                       |      |                            |                          |                     |                            |                          |                     |
| Donations and legacies                            | 3    | 12,801                     | 1,061                    | 13,862              | 13,570                     | 1,006                    | 14,576              |
| Other trading activities                          | 4    | 14,470                     | –                        | 14,470              | 21,182                     | –                        | 21,182              |
| Investments                                       | 5    | 526                        | –                        | 526                 | 771                        | –                        | 771                 |
| Charitable activities:                            |      |                            |                          |                     |                            |                          |                     |
| Fees                                              |      | 633                        | 1                        | 634                 | 577                        | –                        | 577                 |
| Grants                                            | 6    | (2)                        | 1,471                    | 1,469               | 42                         | 468                      | 510                 |
| Sales and ancillary income                        | 7    | 2,768                      | –                        | 2,768               | 2,875                      | 18                       | 2,893               |
| Other                                             | 8    | 409                        | (17)                     | 392                 | 525                        | 17                       | 542                 |
| Total income and endowments                       |      | 31,605                     | 2,516                    | 34,121              | 39,542                     | 1,509                    | 41,051              |
| Expenditure on:                                   |      |                            |                          |                     |                            |                          |                     |
| Raising funds                                     | 10   | 24,671                     | 48                       | 24,719              | 32,712                     | 61                       | 32,773              |
| Charitable activities:                            |      |                            |                          |                     |                            |                          |                     |
| Be financially secure                             | 10   | 981                        | 412                      | 1,393               | 621                        | 726                      | 1,347               |
| Cross theme                                       | 10   | 698                        | –                        | 698                 | 1,743                      | –                        | 1,743               |
| Get the best start in life                        | 10   | 923                        | –                        | 923                 | 1,166                      | –                        | 1,166               |
| Live the life I choose                            | 10   | 52                         | 204                      | 256                 | 22                         | 217                      | 239                 |
| Delivery of services                              | 10   | 1,704                      | 1,970                    | 3,674               | 1,287                      | 806                      | 2,093               |
| Information and advice                            | 10   | 882                        | –                        | 882                 | 607                        | 22                       | 629                 |
| Influencing and campaigning                       | 10   | 3,034                      | (5)                      | 3,029               | 2,110                      | 8                        | 2,118               |
| Strategic spend                                   | 10   | 636                        | –                        | 636                 | 2,751                      | –                        | 2,751               |
| Governance                                        | 10   | 112                        | –                        | 112                 | 175                        | –                        | 175                 |
| Total expenditure                                 | 10   | 33,693                     | 2,629                    | 36,322              | 43,194                     | 1,840                    | 45,034              |
| Net gains/(losses) on investments                 | 14   | 2,753                      | –                        | 2,753               | (344)                      | –                        | (344)               |
| Net income/(expenditure)                          |      | 665                        | (113)                    | 552                 | (3,996)                    | (331)                    | (4,327)             |
| Transfers between funds                           | 19   | 539                        | (539)                    | –                   | 825                        | (825)                    | –                   |
| Actuarial gain on defined benefit pension schemes | 27   | 304                        | –                        | 304                 | 247                        | –                        | 247                 |
| Net movement in funds                             |      | 1,508                      | (652)                    | 856                 | (2,924)                    | (1,156)                  | (4,080)             |
| Fund balances brought forward at 1 April          |      | 40,774                     | 1,881                    | 42,655              | 43,698                     | 3,037                    | 46,735              |
| Fund balances carried forward at 31 March         |      | 42,282                     | 1,229                    | 43,511              | 40,774                     | 1,881                    | 42,655              |

There were no gains or losses during the year other than those included in the statement of financial activities.

# Group and parent charitable company balance sheets

As at 31 March 2021

|                                                | Note | Group        |              | Charity      |              |
|------------------------------------------------|------|--------------|--------------|--------------|--------------|
|                                                |      | 2021<br>£000 | 2020<br>£000 | 2021<br>£000 | 2020<br>£000 |
| Fixed assets                                   |      |              |              |              |              |
| Tangible assets                                | 13   | 1,915        | 2,285        | 1,915        | 2,285        |
| Investments                                    | 14   | 40,031       | 39,178       | 40,031       | 39,178       |
| Total fixed assets                             |      | 41,946       | 41,463       | 41,946       | 41,463       |
| Current assets                                 |      |              |              |              |              |
| Stocks                                         |      | 513          | 420          | –            | –            |
| Debtors                                        | 16   | 7,470        | 7,038        | 7,721        | 7,259        |
| Cash at bank and in hand                       |      | 1,636        | 1,230        | 1,538        | 1,175        |
| Total current assets                           |      | 9,619        | 8,688        | 9,259        | 8,434        |
| Creditors: amounts falling due within one year | 17   | (5,177)      | (3,251)      | (5,175)      | (3,600)      |
| Net current assets                             |      | 4,442        | 5,437        | 4,084        | 4,834        |
| Total assets less current liabilities          |      | 46,388       | 46,900       | 46,030       | 46,297       |
| Provision for liabilities and charges          | 18   | (2,877)      | (2,943)      | (2,877)      | (2,943)      |
| Defined benefit pension liability              | 27   | –            | (1,302)      | –            | (1,302)      |
| Net assets                                     |      | 43,511       | 42,655       | 43,153       | 42,052       |
| Funds                                          |      |              |              |              |              |
| Restricted funds                               | 19   | 1,229        | 1,881        | 1,229        | 1,881        |
| Unrestricted funds                             | 19   | 34,398       | 34,191       | 34,040       | 33,588       |
| Designated funds – strategic investment        | 19   | 2,800        | 1,878        | 2,800        | 1,878        |
| Designated funds – pension                     | 19   | 5,084        | 4,705        | 5,084        | 4,705        |
| Total funds                                    |      | 43,511       | 42,655       | 43,153       | 42,052       |

We have a defined benefit pension scheme which is closed and in surplus. See note 27 for details.

The notes on pages 51 to 75 form part of these financial statements.

The financial statements on pages 48 to 75 were approved by the Board of Trustees on 25 June 2021 and signed on its behalf by:



Robin Millar  
Trustee



Mark Johnstone  
Trustee

Company number: 520866

# Group cash flow statement

For the year ended 31 March 2021

|                                                             | Group   |         |
|-------------------------------------------------------------|---------|---------|
|                                                             | 2021    | 2020    |
|                                                             | £000    | £000    |
| Cash flows from operating activities:                       |         |         |
| Net cash used in operating activities                       | (1,816) | (5,477) |
| Cash flows from investing activities:                       |         |         |
| Investment income received                                  | 526     | 771     |
| Purchase of tangible fixed assets                           | (204)   | (300)   |
| Sale of tangible fixed assets                               | –       | 569     |
| Purchase of fixed asset investments                         | (100)   | (380)   |
| Sale of fixed asset investments                             | 2,000   | 4,880   |
| Net cash provided by investing activities                   | 2,222   | 5,540   |
| Change in cash and cash equivalents in the reporting period | 406     | 63      |
| Cash brought forward at 1 April                             | 1,230   | 1,167   |
| Cash carried forward at 31 March                            | 1,636   | 1,230   |

## Note to group cash flow statement

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

|                                                                                                     | Group   |         |
|-----------------------------------------------------------------------------------------------------|---------|---------|
|                                                                                                     | 2021    | 2020    |
|                                                                                                     | £000    | £000    |
| Net movement in funds for the reporting period                                                      | 856     | (4,080) |
| Adjustments for:                                                                                    |         |         |
| Net (gains)/losses on investments                                                                   | (2,753) | 344     |
| Investment income received                                                                          | (526)   | (771)   |
| Depreciation charges                                                                                | 561     | 714     |
| Loss/(profit) on sale of tangible fixed assets                                                      | 13      | (431)   |
| Other gains                                                                                         | –       | (4)     |
| Increase in stock                                                                                   | (93)    | (90)    |
| Increase in debtors                                                                                 | (432)   | (359)   |
| Increase/(decrease) in creditors                                                                    | 1,926   | (1,664) |
| (Decrease)/increase in provisions for liabilities and charges and defined benefit pension liability | (1,368) | 864     |
| Net cash used in operating activities                                                               | (1,816) | (5,477) |

# Notes to the financial statements

## 1. Accounting policies

### Basis of preparation

The financial statements are prepared in accordance with:

- the Charities Act 2011
- the 'Accounting and Reporting by Charities: Statement of Recommended Practice 2015' ('Charities SORP')
- applicable accounting and reporting standards in the United Kingdom, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102')
- the Companies Act 2006

The particular accounting policies adopted by the Board of Trustees are applied consistently year on year across the Group and are described below.

The financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of investments.

The Board of Trustees of Scope has assessed the implications of the Covid-19 pandemic to the financial health of the charity and continues to support the appropriate use of the going concern basis of accounting in the preparation of Scope's financial statements. The charity has been able to adapt its service delivery and put in place mitigations to support the financial stress caused by the closure of its stores for part of 2020/21, including taking advantage of government interventions available. Based on the actions taken, the level of unrestricted reserves, cash investments and the charity's financial forecasts, the trustees expect the charity to continue in operation and to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The charity has taken advantage of the exemption from preparing a cash flow statement under FRS 102. The cash flows of the charity are included in the consolidated financial statements. The charity is a public benefit entity.

### Basis of consolidation

The consolidated financial statements of the group incorporate the financial statements of Scope and its subsidiary undertakings on a line-by-line basis. The total incoming resources attributable to the charity were £33.9 million (compared to £40.2 million in 2019/20). The net movement in funds attributable to the charity include:

- pension scheme actuarial gains of £304,000 (compared to £247,000 in 2019/20)
- investment gains of £2,753,000 (compared to losses of £344,000 in 2019/20)

There were no other recognised gains and losses attributable to the charity.

As permitted by section 408 of the Companies Act 2006, and FRS 102, no separate statement of financial activities is presented in respect of the parent charity.

## Incoming resources

All income is recognised in the statement of financial activities when:

- the conditions for receipt have been met (that is, there is entitlement to the funds)
- it is at least probable that the funds will be received
- the funds can be reliably measured

The following accounting policies are applied to income:

### Donations including events and individual giving

As a public benefit entity, Scope receives various donations as non-exchange transactions.

General donations and donations from fundraising events are included in income when received. Gift Aid to which Scope is entitled, but is not yet received at the year-end, is included in incoming resources and shown as a debtor in the balance sheet.

Other income from fundraising events is recognised on delivery of the event.

### Individual giving, face-to-face

Regular donations from individuals are recognised on receipt. Income is recognised gross and any fees charged for fundraising including by a third party are recorded as a fundraising expense.

## Legacies

Legacy income is recognised when the amount receivable can be reliably measured and it is probable that it will be received. Receipt is normally probable when:

- there has been grant of probate
- the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy, and
- any conditions attached to the legacy are either within the control of the charity or have been met

Where Scope may have entitlement to a legacy but there is uncertainty as to the amount of the payment, for example, if the interest of the charity in a pecuniary or residuary legacy cannot be measured reliably, details of the legacy will be disclosed as a contingent asset until the criteria for income recognition are met.

## Restricted donations including corporate donations

Donations are restricted when donors put specific conditions on how the funds are to be used. Restricted donations are recognised when the conditions for entitlement are within our control or have been met.

## Mindful Monsters, subscription and donation

This is a subscription product that customers pay for monthly or annually by direct debit. Income is recognised over the period to which it relates. After 12 months, some subscribers choose to alter their subscription to a donation, recognition is then on receipt.

## Donations in kind

Donations in kind (including pro-bono work) are recognised at their value to Scope when received and an equivalent amount is included in the appropriate category of expenditure.

The financial statements do not include volunteer time used in preparing items for sale as this cannot be reliably estimated.

## Retail income

Retail income, including income from the sale of donated goods in our shops, is recognised as income when the sale takes place. Estimated associated Gift Aid is accrued at the point of sale. Once consent has been obtained the income claimed from HM Revenue & Customs is recognised and the accrual reversed.

## Concession and bought-in goods income

Concession and bought-in goods income is recognised at the point of sale. All concession income is subject to output VAT and is recognised in the retail trading company Scope Central Trading Limited.

## Investment income

Investment income is recognised when receivable.

## Fees for services

Fees are recognised when the services have been provided. Income received in advance is deferred until the service has been provided.

## Grants receivable including government grants

Grants are recognised when the conditions for entitlement have been met. Evidence of entitlement will usually exist when the formal offer of funding is communicated in writing to us. Where grants contain terms or conditions that must be met before we have entitlement to the resources, the income is deferred and included in creditors until the conditions have been met.

Grant funding agreements may contain performance conditions, for example, payments are linked to the achievement of a particular level of service or units of output delivered. In these circumstances, income is only recognised when the performance-related conditions are within our control and there is sufficient evidence that they have been or will be met.

Conditions imposed may also specify the time period over which the expenditure of resources on a service can take place. Specification of a time period may amount to a pre-condition for use that limits the charity's ability to spend the grant until it has performed the activity related to the specified time period.

## Sales and ancillary income

Sales income comprises income for rent receivable, sponsorship and other incoming resources from charitable activities. Sales and ancillary income is recognised on the date of sale. Rent receivable is recognised over the rental period.

## Profit and loss on sale of asset

The net book value of the asset being disposed is allocated to the associated receipt. If the receipt exceeds the net book value, the profit is recognised as income. If the net book value exceeds the receipt, a loss is recognised as reduced income.

## Intellectual property licencing

Royalties are payments made by one company (the licensee) to Scope (the licensor) in exchange for the right to use intellectual property or physical assets owned by Scope.

Royalty income is recognised on the date of the related sale and invoices are raised by Scope (IP) Limited.

## Resources expended

All resources expended have been accounted for on an accruals basis. Irrecoverable VAT is included with the expense item to which it relates.

## Charitable expenditure

This includes all expenditure directly related to the delivery of our mission.

## Support costs

Our support costs include staff costs, rent and other operational costs. All costs are allocated between the costs of raising income, activities in furtherance of the charity's objects and other costs. Most costs incurred by Scope are directly attributable to individual activities. Where costs are not directly attributable to particular activities, they are apportioned on an appropriate basis (note 10).

## Grants payable

Grants payable are recognised in the statement of financial activities when the conditions for disbursement have been met. Grants paid before the conditions have been met are deferred and included in debtors at year end.

## Tangible fixed assets

Freehold properties and other tangible assets are stated in the balance sheet at cost or the fair value at the date of receipt (if donated) less accumulated depreciation.

Depreciation is charged evenly over the estimated useful lives of the assets at the following rates:

- freehold land – no depreciation
- freehold property – 2%
- leasehold property and improvements to leasehold property – 2% or over the term of the lease if less than 50 years
- improvements to property – 6.66%
- motor vehicles – 20%
- fixtures and equipment – 20%
- computer equipment and software – 25% or 33.33%

Gains or losses from the disposal of tangible fixed assets are recognised in other income.

## Asset impairment

At each reporting date, fixed assets are reviewed to assess whether they have suffered impairment. The recoverable amount of any affected asset is estimated and compared with its carrying amount.

If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of financial activities.

## Funds

Scope maintains various funds as follows:

### Restricted funds

Restricted funds are the unspent balances on grants, donations and legacies received where the donor has stipulated they be used for specific purposes.

### Unrestricted funds

Funds that can be spent at the discretion of the Board of Trustees to help fulfil our objectives. Such funds may be held to finance working capital and strategic investment.

### Designated funds

Funds that have been set aside at the discretion of the Board of Trustees for specific purposes. They would otherwise form part of the general unrestricted funds.

## Financial assets and liabilities

Investments are stated at fair value. Net gains and losses that have resulted from both changes in holdings and in their fair value are shown in the appropriate section of the statement of financial activities.

Debtors and creditors treated as financial assets and liabilities (notes 16 to 18) are measured at transaction price, less any impairment. Cash balances are stated at present value.

## Leases

Assets held under finance leases are capitalised at their fair value at the start of their term. They are depreciated over their useful lives or lease term if shorter. The finance charges are allocated over the periods of the leases in proportion to the outstanding capital amount. Operating lease costs are charged directly in the period to which they relate.

## Stocks

Stocks are stated at the lower level of cost and net realisable value. They are valued using the weighted-average method. Stock is reviewed regularly throughout the year with a provision made for stock that is unlikely to be sold. Stocks of unsold donated goods are not valued for balance sheet purposes, since their cost is nil, and their value is uncertain until sold.

## Pension costs

The statement of financial activities includes:

- the cost of benefits accruing during the year in respect of current and past service (charged against net outgoing resources)
- the expected return on the pension scheme's assets and the increase in the present value of the scheme's liabilities, shown as pensions finance charge
- actuarial gain recognised in the pension scheme (shown within net movement of funds)

In accordance with FRS 102, the scheme value is calculated taking assets at their year-end fair values and liabilities at their actuarially calculated values discounted at year-end AA-rated corporate bond interest rates. The scheme surplus is disclosed as nil value in accordance with the FRS 102 balance sheet limitation. Further details regarding all pension schemes are disclosed in note 27.

We participate in a defined contribution scheme. Contributions to the scheme are recognised in the period in which they become payable.

Pension costs other than finance charges and actuarial gains or losses, disclosed in note 27, are allocated to expenditure by charitable activity, in line with other salary costs.

## Irrecoverable Value Added Tax (VAT)

Any irrecoverable VAT is charged to the statement of financial activities or capitalised as part of the cost of the related asset, where appropriate.

## 2. Critical accounting judgements and estimation

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Provision is made for retirement obligations (including pension buy out), stock obsolescence, doubtful debts and dilapidations on leased properties. These provisions require management's best estimate of the costs that will be incurred, based on legislative and contractual requirements.

Management considers whether fixed assets are impaired. Where an indication of impairment is identified, the recoverable value of those assets requires the estimation of the future cash contribution that can be realised from those assets.

Management has considered the grants received from various government bodies in connection with Covid-19 and interpreted the published guidance to assess whether conditions have been met for recognition of income. Where clarification is ongoing, amounts received have not been recognised as income.

Legacy income for which confirmation of the amount has not been received as at the balance sheet date has not been included in the incoming resources. The value of these legacies is estimated as £1,101,000 (compared to £491,000 in 2019/20).

## 3. Donations and legacies

|                                         | Group        |              |
|-----------------------------------------|--------------|--------------|
|                                         | 2021<br>£000 | 2020<br>£000 |
| Donations and gifts:                    |              |              |
| Retail                                  | 102          | 249          |
| Individual giving                       | 7,025        | 7,403        |
| Events fundraising                      | 348          | 896          |
| Philanthropy and corporate partnerships | 1,262        | 1,382        |
| Trusts                                  | 256          | 57           |
| Donations in kind*                      | 19           | 156          |
| Digital engagement                      | –            | 14           |
| Other voluntary fundraising             | –            | 37           |
|                                         | 9,012        | 10,194       |
| Legacies                                | 4,850        | 4,382        |
|                                         | 13,862       | 14,576       |

\*Donations in kind are for professional advice received by Scope in relation to our retail estate from Deloitte.

## 4. Other trading activities

|                                                            | Group  |        |
|------------------------------------------------------------|--------|--------|
|                                                            | 2021   | 2020   |
|                                                            | £000   | £000   |
| Gift Aid commission                                        | 482    | 1,331  |
| Sale of donated and bought-in goods                        | 8,847  | 19,599 |
| Raffles in shops                                           | 56     | 140    |
| Other income                                               | 74     | 112    |
| Government grants (Job retention scheme and shop closures) | 5,011  | –      |
|                                                            | 14,470 | 21,182 |

## 5. Income from investments

|                                | Group |      |
|--------------------------------|-------|------|
|                                | 2021  | 2020 |
|                                | £000  | £000 |
| Income from listed investments | 526   | 771  |

## 6. Grants receivable (excluding job retention scheme and shop closures)

|                                                  | Unrestricted funds | Restricted funds | 2021 total | 2020 total |
|--------------------------------------------------|--------------------|------------------|------------|------------|
|                                                  | £000               | £000             | £000       | £000       |
| Central government grants:                       |                    |                  |            |            |
| Statutory and EU                                 | –                  | –                | –          | 10         |
| Department for Health and Social Care            | –                  | 568              | 568        | –          |
| Total central government grants                  | –                  | 568              | 568        | 10         |
| Local authority grants:                          |                    |                  |            |            |
| Leeds Activities                                 | –                  | –                | –          | (20)       |
| Retail holding account                           | 12                 | –                | 12         | 38         |
| Total local authority grants                     | 12                 | –                | 12         | 18         |
| Other grants:                                    |                    |                  |            |            |
| Working on Wellbeing                             | –                  | 460              | 460        | –          |
| People's Health Trust – Local People's Programme | –                  | 192              | 192        | 292        |
| Kickstart London HIC                             | –                  | 18               | 18         | 73         |
| Energy Saving Trust                              | –                  | 80               | 80         | –          |
| Other grants < £50,000                           | (14)               | 153              | 139        | 117        |
| Total other grants                               | (14)               | 903              | 889        | 482        |
| Total grants receivable                          | (2)                | 1,471            | 1,469      | 510        |

As at the balance sheet date, there were no unfulfilled conditions for any of the government grants detailed above. Grants received in relation to the job retention scheme and shop closures are presented in note 4.

## 7. Sales and ancillary income from charitable activities

|                                   | Group |       |
|-----------------------------------|-------|-------|
|                                   | 2021  | 2020  |
|                                   | £000  | £000  |
| Ancillary services income         | 23    | 6     |
| Lottery, raffles and other income | 2,745 | 2,887 |
|                                   | 2,768 | 2,893 |

## 8. Other income

|                                                                      | Group |      |
|----------------------------------------------------------------------|-------|------|
|                                                                      | 2021  | 2020 |
|                                                                      | £000  | £000 |
| (Loss)/gain on sale of fixed assets                                  | (13)  | 431  |
| Fee and other income relating to divested regulated and day services | 405   | 111  |
|                                                                      | 392   | 542  |

## 9. Subsidiaries' income and costs

The income and costs of Scope Central Trading Limited and Scope (IP) Limited:

|                                | Scope Central<br>Trading Limited | Scope (IP)<br>Limited | 2021<br>total | 2020<br>total |
|--------------------------------|----------------------------------|-----------------------|---------------|---------------|
|                                | £000                             | £000                  | £000          | £000          |
| Turnover                       | 763                              | 2                     | 765           | 1,522         |
| Cost of sales                  | (424)                            | (1)                   | (425)         | (916)         |
| Gross profit                   | 339                              | 1                     | 340           | 606           |
| Administration and other costs | (4)                              | –                     | (4)           | (5)           |
| Other operating income         | 40                               | –                     | 40            | 2             |
| Operating profit/(loss)        | 375                              | 1                     | 376           | 603           |
| Taxation                       | –                                | –                     | –             | –             |
| Net income                     | 375                              | 1                     | 376           | 603           |

Income and expenditure raised by the subsidiaries has been incorporated into the appropriate sections in the statement of financial activities, under the relevant department.

As at 31 March 2021 Scope Central Trading Limited had £356,522 net assets (compared to £601,456 in 2019/20). This comprised assets of £607,919 (compared to £754,190 in 2019/20) and liabilities of £251,397 (compared to £152,734 in 2019/20).

As at 31 March 2021 Scope (IP) Limited had net assets of £1 (compared to £1 in 2019/20). This comprised assets of £3,097 (compared to £406 in 2019/20) and liabilities of £3,096 (compared to £405 in 2019/20).

Scope holds 100% of the share capital of Scope Central Trading Limited and Scope (IP) Limited (see note 15).

## 10. Analysis of total expenditure and support costs

| The Group                                              | Activities undertaken directly<br>£000 | Support costs<br>£000 | 2021 total<br>£000 | 2020 total<br>£000 |
|--------------------------------------------------------|----------------------------------------|-----------------------|--------------------|--------------------|
| Cost of raising funds:                                 |                                        |                       |                    |                    |
| Cost of raising donations and legacies                 | 3,041                                  | 1,234                 | 4,275              | 7,319              |
| Cost of trading activities                             | 17,449                                 | 2,995                 | 20,444             | 25,454             |
| Total cost of raising funds                            | 20,490                                 | 4,229                 | 24,719             | 32,773             |
| Charitable activities                                  |                                        |                       |                    |                    |
| Be financially secure                                  | 958                                    | 435                   | 1,393              | 1,347              |
| Cross theme                                            | 451                                    | 247                   | 698                | 1,743              |
| Get the best start in life                             | 616                                    | 307                   | 923                | 1,166              |
| Live the life I choose                                 | 222                                    | 34                    | 256                | 239                |
| Delivery of services                                   | 3,394                                  | 280                   | 3,674              | 2,093              |
| Information and advice                                 | 750                                    | 132                   | 882                | 629                |
| Influencing and campaigning                            | 2,683                                  | 346                   | 3,029              | 2,118              |
| Strategic spend                                        | 612                                    | 24                    | 636                | 2,751              |
| Governance                                             | 112                                    | –                     | 112                | 175                |
| Total cost of charitable activities                    | 9,798                                  | 1,805                 | 11,603             | 12,261             |
| Total expenditure                                      | 30,288                                 | 6,034                 | 36,322             | 45,034             |
| Total expenditure excluding cost of trading activities | 12,839                                 | 3,039                 | 15,878             | 19,580             |

| Support costs                                | Management overhead, HR and Communications<br>£000 | Finance and purchasing<br>£000 | Information technology<br>£000 | Property and Facilities<br>£000 | 2021 total<br>£000 | 2020 total<br>£000 |
|----------------------------------------------|----------------------------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------|--------------------|
| Cost of raising funds:                       |                                                    |                                |                                |                                 |                    |                    |
| Donations and legacies                       | 452                                                | 240                            | 304                            | 238                             | 1,234              | 459                |
| Cost of trading activities                   | 1,098                                              | 583                            | 737                            | 577                             | 2,995              | 5,130              |
|                                              | 1,550                                              | 823                            | 1,041                          | 815                             | 4,229              | 5,589              |
| Charitable activities:                       |                                                    |                                |                                |                                 |                    |                    |
| Be financially secure                        | 159                                                | 85                             | 107                            | 84                              | 435                | 330                |
| Cross theme                                  | 92                                                 | 48                             | 60                             | 47                              | 247                | 333                |
| Get the best start in life                   | 112                                                | 60                             | 76                             | 59                              | 307                | 325                |
| Live the life I choose                       | 12                                                 | 7                              | 8                              | 7                               | 34                 | 33                 |
| Delivery of services                         | 103                                                | 54                             | 69                             | 54                              | 280                | 230                |
| Information and advice                       | 48                                                 | 26                             | 33                             | 25                              | 132                | 79                 |
| Influencing and campaigning                  | 127                                                | 67                             | 85                             | 67                              | 346                | 370                |
| Strategic spend                              | 8                                                  | 5                              | 6                              | 5                               | 24                 | 118                |
| Total support costs – charitable activities: | 661                                                | 352                            | 444                            | 348                             | 1,805              | 1,818              |
| Total support costs for 2021                 | 2,211                                              | 1,175                          | 1,485                          | 1,163                           | 6,034              | 7,407              |
| Total support costs for 2020                 | 2,467                                              | 1,577                          | 1,978                          | 1,385                           |                    |                    |

During the year we have reviewed the basis of support cost allocation to ensure that it is reasonable and fairly reflects the nature of the costs and how they are incurred following the change in organisational structure after divestment and restructuring. In prior years

support costs have been allocated based on departmental headcount. The revised basis for allocation of support costs is as follows:

- According to usage or transactional data where this is relevant and available
- Departmental headcount where the cost is related to the number of staff
- In proportion to the size of the cost base where the size of the departmental activity is more relevant
- Evenly allocated across departments where this is considered a more appropriate indicator for corporate costs

We believe that the revised allocation more accurately and fairly reflects the way in which support costs are now generated. Prior year analysis has not been restated as the organisation was in a period of transition to the new structure, the update does not represent a change in accounting policy and the difference in presentation is not material to the financial statements.

## 11. Net income/expenditure

|                                                                           | Group |       |
|---------------------------------------------------------------------------|-------|-------|
|                                                                           | 2021  | 2020  |
|                                                                           | £000  | £000  |
| Net income/expenditure for the year is stated after charging/(crediting): |       |       |
| Auditors' remuneration:                                                   |       |       |
| Audit of these financial statements                                       | 44    | 40    |
| Audit of the charity's subsidiaries                                       | 6     | 5     |
| Non-audit fees*                                                           | 16    | –     |
| Loss/(profit) on sale of tangible assets:                                 |       |       |
| Loss/(profit) on the sale of fixed assets                                 | 13    | (431) |
| Depreciation of tangible fixed assets:                                    |       |       |
| Owned assets                                                              | 561   | 714   |
| Net pension finance cost                                                  | 304   | 247   |
| Operating lease rentals:                                                  |       |       |
| Equipment                                                                 | 100   | 60    |
| Property                                                                  | 4,594 | 5,214 |
| Motor vehicles                                                            | 204   | 236   |

\* Non-audit fees relate to advice in relation to VAT matters

## 12. Information regarding employees and trustees

|                                                                       | Group  |        |
|-----------------------------------------------------------------------|--------|--------|
|                                                                       | 2021   | 2020   |
|                                                                       | £000   | £000   |
| Staff costs comprise:                                                 |        |        |
| Wages and salaries                                                    | 17,928 | 19,343 |
| Social security costs                                                 | 1,427  | 1,627  |
| Other pension costs                                                   | 259    | 1,121  |
|                                                                       | 19,614 | 22,091 |
| Payments made to independent third parties for the provision of staff | 232    | 327    |
| Total payroll and staff related costs                                 | 19,846 | 22,418 |

In addition to the payroll and staff costs set out in the table, there were redundancy payments of £62,900 (compared to £88,806 in 2019/20) and ex-gratia (goodwill) payments of £56,260 (compared to £36,750 in 2019/20). Ex-gratia payments were made as part of settlement agreements with ex-employees at the time of leaving and were fully paid in the year. These payments are managed through the Human Resources Team in line with approved policy and procedure and authorised in accordance with the Scheme of Delegation based on the size of payment.

Payments made to independent third parties for the provision of staff are costs to cover staff vacancies pending recruitment, short-term sickness cover and certain projects.

| Average number of employees during the year: | 2021 | 2020 |
|----------------------------------------------|------|------|
| Cost of raising donations and legacies       | 29   | 44   |
| Cost of trading activities                   | 472  | 557  |
| Be financially secure                        | 40   | 31   |
| Cross theme                                  | 23   | 30   |
| Get the best start in life                   | 28   | 44   |
| Live the life I choose                       | 3    | 4    |
| Delivery of services                         | 22   | 21   |
| Information and advice                       | 10   | 7    |
| Influencing and campaigning                  | 36   | 34   |
| Strategic spend                              | –    | 4    |
| Support costs                                | 59   | 75   |
| Governance                                   | 1    | 1    |
|                                              | 723  | 852  |

The average full-time equivalent headcount for the year was 709 (compared to 745 in 2019/20). The full-time equivalent excludes hourly paid casual workers due to the variable nature of the hours worked.

The number of senior staff whose salary for the year (including taxable benefits in kind and redundancy payments, but not employer pension costs) exceeded £60,000 was:

|                     | 2021<br>No longer<br>employed | 2021<br>Still<br>employed | 2021<br>Number | 2020<br>Number |
|---------------------|-------------------------------|---------------------------|----------------|----------------|
| £60,000 – £70,000   | –                             | 4                         | 4              | 10             |
| £70,001 – £80,000   | 2                             | 4                         | 6              | 2              |
| £80,001 – £90,000   | –                             | –                         | –              | 3              |
| £90,001 – £100,000  | –                             | –                         | –              | 2              |
| £100,001 – £110,000 | –                             | 1                         | 1              | –              |
| £110,001 – £120,000 | –                             | –                         | –              | 1              |
| £120,001 – £130,000 | –                             | –                         | –              | 1              |
| £130,001 – £150,000 | –                             | 1                         | 1              | 1              |
|                     | 2                             | 10                        | 12             | 20             |

We operate an auto enrolment defined contribution scheme as our main pension plan.

Nine senior staff are accruing retirement benefits from the defined contribution scheme (compared to 17 in 2019/20). Contributions paid for the year in respect of senior staff included in the table above for all schemes amounted to £38,081 (compared to £75,147 in 2019/20).

One executive director left during the year (compared to seven during 2019/20).

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration paid in respect of these individuals was £702,080 including salary £608,946, employer's national insurance contributions £71,920 and employer's pension contributions £21,214 (compared to total remuneration of £812,208 in 2019/20 including salary £677,061, employer's national insurance contributions £99,631 and employer's pension contributions £35,516).

In 2020/21, no trustee or person closely related or connected to them has received any remuneration or other benefit from Scope other than as a beneficiary on non-preferential terms (same as 2019/20). During the year, we reimbursed £68 of travel, subsistence and accommodation expenses to one trustee (compared to £4,038 between four trustees in 2019/20).

### 13. Tangible fixed assets for use by the group and charity

| Group and charity               | Freehold and<br>leasehold<br>property<br>£000 | Motor vehicles<br>£000 | Fixtures,<br>equipment and<br>computers<br>£000 | Total<br>£000 |
|---------------------------------|-----------------------------------------------|------------------------|-------------------------------------------------|---------------|
| <b>Cost</b>                     |                                               |                        |                                                 |               |
| At 1 April 2020                 | 5,686                                         | 15                     | 8,894                                           | 14,595        |
| Additions                       | –                                             | –                      | 204                                             | 204           |
| Disposals                       | (433)                                         | –                      | (353)                                           | (786)         |
| At 31 March 2021                | 5,253                                         | 15                     | 8,745                                           | 14,013        |
| <b>Accumulated depreciation</b> |                                               |                        |                                                 |               |
| At 1 April 2020                 | 5,681                                         | 15                     | 6,614                                           | 12,310        |
| Charge for the year             | –                                             | –                      | 561                                             | 561           |
| Disposals                       | (432)                                         | –                      | (341)                                           | (773)         |
| At 31 March 2021                | 5,249                                         | 15                     | 6,834                                           | 12,098        |
| <b>Net book value</b>           |                                               |                        |                                                 |               |
| At 1 April 2020                 | 5                                             | –                      | 2,280                                           | 2,285         |
| At 31 March 2021                | 4                                             | –                      | 1,911                                           | 1,915         |

We have not adopted a policy of revaluing our properties. The carrying amount of our tangible fixed assets is held at depreciated cost.

## 14. Investments

|                       | Group        |              | Charity      |              |
|-----------------------|--------------|--------------|--------------|--------------|
|                       | 2021<br>£000 | 2020<br>£000 | 2021<br>£000 | 2020<br>£000 |
| Total investments:    |              |              |              |              |
| Financial investments | 40,031       | 39,178       | 40,031       | 39,178       |
|                       | 40,031       | 39,178       | 40,031       | 39,178       |

|                                                     | Group and charity |              |
|-----------------------------------------------------|-------------------|--------------|
|                                                     | 2021<br>£000      | 2020<br>£000 |
| Total financial investments:                        |                   |              |
| Market value at 1 April                             | 39,178            | 44,022       |
| Additions at cost                                   | 100               | 380          |
| Sale of fixed asset investments                     | (2,000)           | (4,880)      |
| Net investment unrealised gains/(losses)            | 2,753             | (344)        |
| Market value at 31 March                            | 40,031            | 39,178       |
| Investments comprise the following:                 |                   |              |
| Investments listed on a UK stock exchange           |                   |              |
| Fixed interest                                      | 7,561             | 7,065        |
| Equities                                            | 11,057            | 9,245        |
| Cash deposits held as part of investment portfolio  | 13,164            | 12,872       |
| Cash deposits held separate to investment portfolio | 8,249             | 9,996        |
| Market value at 31 March                            | 40,031            | 39,178       |
| Being at market value:                              |                   |              |
| Investment assets in the United Kingdom             | 40,031            | 39,178       |
| Historical cost at 31 March                         | 36,916            | 38,644       |

Financial investments are measured at fair value through income and expenditure.

The equity holdings are held as a proportion of a fund, rather than direct share holdings. No single equity investment exceeds 5%. The trustees consider the value of the investments to be supported by their underlying assets.

There is no difference between fair value and market value as the investments are either fixed interest, equities or cash deposits. Market valuation shows the fair value for these assets.

## 15. Subsidiaries

Results for the subsidiaries listed below are included in the group balances of these accounts:

| Subsidiary undertaking                                                                 | Country of registration and/or operation | Principal activities                                                                                                           | Authorised and issued share capital |
|----------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Scope Central Trading Limited<br>100% direct holding<br>(Company no. 1108300)          | England and Wales                        | Purchase of general merchandise and sale to Scope, the distribution and sale of clothing and gifts and sales of greeting cards | £100                                |
| Scope Pension Scheme Trustee Limited*<br>100% direct holding<br>(Company no. 01814430) | England and Wales                        | Dormant                                                                                                                        | £100 – £2 issued and fully paid     |
| The Spastics Society* Common control<br>(Company no. 2908452)                          | England and Wales                        | Dormant                                                                                                                        | By guarantee                        |
| Illetas Properties Limited<br>(Company no. 07401156)                                   | England and Wales                        | Dormant                                                                                                                        | £100                                |
| Scope (IP) Limited<br>(Company no. 11774613)                                           | England and Wales                        | Exploitation of intellectual property                                                                                          | £1                                  |

\*Entitled to audit exemption by virtue of section 480 of the Companies Act 2006, as dormant companies.

## 16. Debtors

|                                    | Group        |              | Charity      |              |
|------------------------------------|--------------|--------------|--------------|--------------|
|                                    | 2021<br>£000 | 2020<br>£000 | 2021<br>£000 | 2020<br>£000 |
| Trade debtors*                     | 200          | 308          | 200          | 154          |
| Gift Aid recoverable*              | 424          | 528          | 424          | 528          |
| Staff loans*                       | 8            | 21           | 8            | 21           |
| Amounts owed by group undertaking* | –            | –            | 230          | –            |
| Other debtors*                     | 1,373        | 776          | 1,395        | 960          |
| Accrued income                     | 3,795        | 3,468        | 3,794        | 3,659        |
| Prepayments                        | 1,670        | 1,937        | 1,670        | 1,937        |
|                                    | 7,470        | 7,038        | 7,721        | 7,259        |

\*Financial assets measured at amortised cost.

Trade debtors are shown net of a £2,615 provision (compared to none in 2019/20).

Staff loans include season ticket loans of £nil (compared to £19,904 in 2019/20), which are repayable over a 12-month period. They also include imprests of £1,100 (compared to £1,100 in 2019/20) to be repaid on leaving Scope or when the individual's employment changes.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## 17. Creditors: amounts falling due within one year

|                                     | Group        |              | Charity      |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | 2021<br>£000 | 2020<br>£000 | 2021<br>£000 | 2020<br>£000 |
| Trade creditors*                    | 789          | 358          | 787          | 307          |
| Taxation and social security*       | 350          | 371          | 350          | 371          |
| Amounts owed to group undertakings* | –            | –            | –            | 242          |
| Other creditors*                    | 2,875        | 830          | 2,875        | 994          |
| Accruals                            | 1,163        | 1,692        | 1,163        | 1,686        |
|                                     | 5,177        | 3,251        | 5,175        | 3,600        |

\*Financial liabilities measured at amortised cost.

Amounts owing in respect of pension schemes as at 31 March 2021 included above are £79,162 (compared to £55,378 in 2019/20).

## 18. Provisions for liabilities and charges

|                                                         | Balance 31<br>March<br>2020<br>£000 | Charged to<br>income and<br>expenditure<br>£000 | Utilised<br>£000 | Balance 31<br>March<br>2021<br>£000 |
|---------------------------------------------------------|-------------------------------------|-------------------------------------------------|------------------|-------------------------------------|
| Group and charity:                                      |                                     |                                                 |                  |                                     |
| Provisions for dilapidations                            | 1,675                               | –                                               | (155)            | 1,520                               |
| Provision for onerous leases for shops vacated by Scope | 157                                 | –                                               | (55)             | 102                                 |
| Provision for rent free periods                         | 1,111                               | 248                                             | (104)            | 1,255                               |
|                                                         | 2,943                               | 248                                             | (314)            | 2,877                               |

Where an onerous lease commitment exists, the provision for future lease commitments has been calculated as the net present value of rent payable less rent receivable to the end of the period. This has been estimated after accounting for vacant periods, lease incentives and discounted market rates designed to ensure future tenancy.

As part of the group's property leasing arrangements there is an obligation to repair damages on certain properties, incurred during the life of the lease, such as wear and tear. The cost is charged to the statement of financial activities as they arise. The provision is expected to be used as the leases terminate.

## 19. Funds

|                                           | Balance 31<br>March<br>2020<br>£000 | Incoming<br>resources<br>£000 | Expenditure<br>gains and<br>losses<br>£000 | Transfers<br>£000 | Balance 31<br>March<br>2021<br>£000 |
|-------------------------------------------|-------------------------------------|-------------------------------|--------------------------------------------|-------------------|-------------------------------------|
| Group:                                    |                                     |                               |                                            |                   |                                     |
| Unrestricted funds:                       |                                     |                               |                                            |                   |                                     |
| Unrestricted funds – general              | 34,191                              | 31,226                        | (30,636)                                   | (383)             | 34,398                              |
| Designated funds – strategic investment** | 1,878                               | –                             | –                                          | 922               | 2,800                               |
| Designated funds – pension                | 4,705                               | 379                           | –                                          | –                 | 5,084                               |
| Restricted funds:                         |                                     |                               |                                            |                   |                                     |
| Restricted funds                          | 1,871                               | 2,516                         | (2,629)                                    | (539)*            | 1,219                               |
| Permanent endowment                       | 10                                  | –                             | –                                          | –                 | 10                                  |
| Total funds                               | 42,655                              | 34,121                        | (33,265)                                   | –                 | 43,511                              |

|                                         | Balance 31<br>March<br>2020<br>£000 | Incoming<br>resources<br>£000 | Expenditure<br>gains and<br>losses<br>£000 | Transfers<br>£000 | Balance 31<br>March<br>2021<br>£000 |
|-----------------------------------------|-------------------------------------|-------------------------------|--------------------------------------------|-------------------|-------------------------------------|
| Charity:                                |                                     |                               |                                            |                   |                                     |
| Unrestricted funds                      |                                     |                               |                                            |                   |                                     |
| Unrestricted funds – general            | 33,588                              | 31,038                        | (30,203)                                   | (383)             | 34,040                              |
| Designated funds – strategic investment | 1,878                               | –                             | –                                          | 922               | 2,800                               |
| Designated funds – pension              | 4,705                               | 379                           | –                                          | –                 | 5,084                               |
| Restricted funds:                       |                                     |                               |                                            |                   |                                     |
| Restricted funds                        | 1,871                               | 2,516                         | (2,629)                                    | (539)*            | 1,219                               |
| Permanent endowment                     | 10                                  | –                             | –                                          | –                 | 10                                  |
| Total funds                             | 42,052                              | 33,933                        | (32,832)                                   | –                 | 43,153                              |

\*Transfer reflects a correction for misanalysis between funds identified during the year.

\*\*Designated funds for strategic investment are planned to be spent in the next three years.

Restricted funds are mostly restricted grants (see note 6) and restricted donations. These are all accounted for in line with the limitations placed on each fund.

A designated fund of £4.25 million is in place as security for the Scope Pension Scheme. At 31 March 2021, the value of this fund was £5.1 million (£4.7 million in 2019/20). Any value more than the £4.25 million is not additional security and is retained by Scope.

A designated fund of £2.8 million is held for investment in our Everyday Equality strategy in the next three years. We will designate further funds as we develop and authorise detailed investment business cases to deliver the strategy

## 20. Analysis of assets and liabilities between funds

|                                        | Restricted<br>funds<br>£000 | Designated<br>strategic<br>£000 | Designated<br>pension<br>£000 | Unrestricted<br>funds<br>£000 | Total 2021<br>£000 |
|----------------------------------------|-----------------------------|---------------------------------|-------------------------------|-------------------------------|--------------------|
| Group:                                 |                             |                                 |                               |                               |                    |
| Fixed assets                           | –                           | 2,800                           | 5,084                         | 34,062                        | 41,946             |
| Current assets                         | 1,229                       | –                               | –                             | 8,390                         | 9,619              |
| Current liabilities                    | –                           | –                               | –                             | (5,177)                       | (5,177)            |
| Net current assets                     | 1,229                       | –                               | –                             | 3,213                         | 4,442              |
| Provisions for liabilities and charges | –                           | –                               | –                             | (2,877)                       | (2,877)            |
| Net assets                             | 1,229                       | 2,800                           | 5,084                         | 34,398                        | 43,511             |

|                                        | Restricted<br>funds<br>£000 | Designated<br>strategic<br>£000 | Designated<br>pension<br>£000 | Unrestricted<br>funds<br>£000 | Total 2021<br>£000 |
|----------------------------------------|-----------------------------|---------------------------------|-------------------------------|-------------------------------|--------------------|
| Charity:                               |                             |                                 |                               |                               |                    |
| Fixed assets                           | –                           | 2,800                           | 5,084                         | 34,062                        | 41,946             |
| Current assets                         | 1,229                       | –                               | –                             | 8,030                         | 9,259              |
| Current liabilities                    | –                           | –                               | –                             | (5,175)                       | (5,175)            |
| Net current assets                     | 1,229                       | –                               | –                             | 2,855                         | 4,084              |
| Provisions for liabilities and charges | –                           | –                               | –                             | (2,877)                       | (2,877)            |
| Net assets                             | 1,229                       | 2,800                           | 5,084                         | 34,040                        | 43,153             |

## 21. Free reserves

|                                              | Group        |              |
|----------------------------------------------|--------------|--------------|
|                                              | 2021<br>£000 | 2020<br>£000 |
| Net assets                                   | 43,511       | 42,655       |
| Less:                                        |              |              |
| Restricted funds                             | (1,229)      | (1,881)      |
| Designated funds                             | (2,800)      | (1,878)      |
| Investments held for defined benefit pension | (5,084)      | (4,705)      |
| Amount represented by tangible fixed assets  | (1,915)      | (2,285)      |
| Free reserves of group                       | 32,483       | 31,906       |
| Free reserves of charity                     | 32,125       | 31,303       |

## 22. Commitments

### Operating lease commitments

| Group                    | Land and buildings |              | Vehicles and equipment |              |
|--------------------------|--------------------|--------------|------------------------|--------------|
|                          | 2021<br>£000       | 2020<br>£000 | 2021<br>£000           | 2020<br>£000 |
| Leases which expire:     |                    |              |                        |              |
| Within one year          | 2,965              | 3,025        | 201                    | 133          |
| Within two to five years | 5,158              | 6,076        | 248                    | 74           |
| After five years         | 669                | 447          | –                      | –            |
|                          | 8,792              | 9,548        | 449                    | 207          |

## 23. Taxation

As a registered charity, Scope is exempt from taxation under Part 11, Chapter 3 of the Corporation Tax Act 2010. Any taxation liabilities of the group are managed through the policy of the trading subsidiary company to gift all taxable profits to Scope. During the year ended 31 March 2021 no charge to tax has been incurred.

## 24. Members

The charity is incorporated as a company limited by guarantee having no share capital. In accordance with the Memorandum of Association, each one of the 641 Members, (compared to 634 in 2019/20), is liable to contribute £5 if the company is wound up.

## 25. Related party disclosures

During the year ended 31 March 2021, the group had the following related party transactions.

Alex Massey, Trustee – Scope, became a Charity Partner with his employer, Deloitte, in 2019/20. The relationship is managed by another Deloitte partner and Alex is not part of the team working with Scope.

We paid PA Consulting Services Limited, where Andrew Hooke, Trustee, is the Chief Operating Officer, £14,575 for consulting services in relation to strategic planning.

During the year ended 31 March 2021, the following transactions occurred between the companies within the group:

- Gift Aid is to be paid to Scope from Scope Central Trading Limited as per note 9 which includes the results of group entities

Scope received donations of £nil from its trustees and directors during 2020/21, compared to £nil in 2019/20.

## 26. Ultimate parent undertaking and controlling party

There is no immediate or ultimate parent undertaking or controlling party.

Scope is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Scope are available from Here East Press Centre, 14 East Bay Lane, London, E15 2GW.

## 27. Pension scheme

Scope operates the following pension schemes.

1. A single employer defined benefit pension scheme. The Scope Pension Scheme was closed to new members and new accruals in 2007. Current membership of the Scheme is 919 pensioners and 757 deferred members (compared to 869 pensioners and 868 deferred members in 2019/20). The Scheme is managed separately to Scope's finances by Scope Pension Scheme Trustee Limited, which delegates services to a variety of bodies. Contributions to cover expenses and to recover any deficit in the Scheme are paid from time to time to the Scheme. This is in accordance with the Schedule of Contributions agreed between the trustees and Scope.
2. The Defined Contribution Stakeholder Pension Scheme was opened on 1 October 2003, when the existing Scope Pension Scheme was closed to new members. The stakeholder scheme was closed to further contributions on 30 June 2013. On 1 July 2013, and to comply with government legislation on auto enrolment, a defined contribution Group Personal Pension Plan was opened to replace the stakeholder pension scheme. Employees were able to join when it began, or after a deferred period of three months. There are currently 738 active members compared to 663 in 2019/20.
3. Scope decided to exit The Pensions Trust's Growth Plan based on a payment under section 75 as at 31 July 2019. Final payments were made in the year and there are no liabilities outstanding. The Plan was fully funded and is not contracted-out of the state scheme.

Additional details are provided for the primary schemes as follows:

### A. Scope Pension Scheme

We operate a defined benefit pension scheme, the Scope Pension Scheme. The scheme funds are administered by trustees and are independent of Scope's finances.

Contributions are paid to the scheme in line with the schedule of contributions agreed between the trustees and Scope.

Initial results of the actuarial valuation as at 31 December 2017 were updated to the Scheme's accounting date by an independent qualified actuary. The value of the defined benefit liabilities has been measured using the projected unit method.

Under FRS 102, the pension asset that can be recognised on the balance sheet is limited to nil as Scope does not have an unconditional right to a refund as per the Trust Deed and consultation with our actuaries. The impact of this limit on the balance sheet and the actuarial gains and losses entry is shown in the figures below.

| Assumptions                                                             | 31 March<br>2021 | 31 March<br>2020 | 31 March<br>2019 | 31 March<br>2018 | 31 March<br>2017 |
|-------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| RPI inflation (per annum)                                               | 3.4%             | 2.7%             | 3.3%             | 3.2%             | 3.2%             |
| CPI inflation (per annum)                                               | 2.4%             | 1.9%             | 2.2%             | 2.1%             | 2.2%             |
| Discount rate (per annum)                                               | 2.0%             | 2.5%             | 2.4%             | 2.7%             | 2.5%             |
| Pension increases (PPI – 3% per annum minimum,<br>5% per annum maximum) | 3.7%             | 3.5%             | 3.7%             | 3.7%             | 3.6%             |

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 65 would be expected to live for a further 22 years (the same as 2019/20) and a female pensioner aged 65 would be expected to live a further 24 years (the same as 2019/20). Allowance is made for future improvements in life expectancy.

Asset distribution and expected return:

|                              | 31 March 2021         |                    | 31 March 2020         |                    |
|------------------------------|-----------------------|--------------------|-----------------------|--------------------|
|                              | Current<br>allocation | Fair value<br>£000 | Current<br>allocation | Fair value<br>£000 |
| Liability driven investments | 22%                   | 25,505             | 31%                   | 35,873             |
| Diversified growth funds     | 7%                    | 8,205              | 4%                    | 4,594              |
| Corporate bonds              | 14%                   | 16,560             | –                     | –                  |
| Multi-asset credit           | 11%                   | 13,096             | 22%                   | 25,580             |
| Cash                         | 12%                   | 13,184             | 11%                   | 12,055             |
| Insured pensions             | 34%                   | 39,032             | 32%                   | 36,295             |
| Total                        | 100%                  | 115,582            | 100%                  | 114,397            |

|                                     | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|-------------------------------------|--------------------------|--------------------------|
| Balance sheet                       |                          |                          |
| Present value of Scheme liabilities | 107,504                  | 96,136                   |
| Total fair value of Scheme assets   | (115,582)                | (114,397)                |
| Surplus                             | (8,078)                  | (18,261)                 |
| Adjustment to reflect asset limit   | 8,078                    | 18,261                   |
| Pension asset                       | –                        | –                        |

Under FRS 102, the Scheme is represented on the balance sheet at 31 March 2021 as a £nil asset (£nil 2019/20) as Scope does not have an unconditional right to a refund as per the Trust Deed and consultation with our actuaries.

The following amounts have been included as 'Resources expended' under FRS 102.

|                                        | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|----------------------------------------|--------------------------|--------------------------|
| Running costs                          | 304                      | 247                      |
| Past service cost                      | –                        | –                        |
| Net return to charge to finance income | 304                      | 247                      |

The following amounts have been put under the 'actuarial gains and losses on pension scheme assets and liabilities' heading within the statement of financial activities.

|                                           | At 31 March<br>2021<br>£000 | At 31 March<br>2020<br>£000 |
|-------------------------------------------|-----------------------------|-----------------------------|
| Remeasurements                            | 10,336                      | (7,072)                     |
| Change in asset limit other than interest | (10,640)                    | 6,825                       |
| Actuarial gains recognised                | (304)                       | (247)                       |

Changes in the present value of the Scheme liabilities:

|                                             | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|---------------------------------------------|--------------------------|--------------------------|
| Opening present value of Scheme liabilities | 96,136                   | 102,363                  |
| Interest on Scheme liabilities              | 2,361                    | 2,417                    |
| Past service cost                           | –                        | –                        |
| Actuarial loss/(gain)                       | 12,454                   | (5,323)                  |
| Benefits paid                               | (3,447)                  | (3,321)                  |
| Closing present value of Scheme liabilities | 107,504                  | 96,136                   |

Changes in the fair value of the Scheme assets:

|                                                               | At 31 March<br>2021<br>£000 | At 31 March<br>2020<br>£000 |
|---------------------------------------------------------------|-----------------------------|-----------------------------|
| Opening fair value of the Scheme assets                       | 114,397                     | 113,531                     |
| Interest on Scheme assets                                     | 2,817                       | 2,685                       |
| Actual return on Scheme assets less interest on Scheme assets | 2,119                       | 1,749                       |
| Contributions by the employer                                 | –                           | –                           |
| Running costs                                                 | (304)                       | (247)                       |
| Benefits paid                                                 | (3,447)                     | (3,321)                     |
| Closing fair value of the Scheme assets                       | 115,582                     | 114,397                     |

## Changes in the net balance sheet position:

|                                    | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|------------------------------------|--------------------------|--------------------------|
| Opening net asset                  | –                        | –                        |
| Return to charge to finance income | 304                      | 247                      |
| Actuarial gains recognised         | (304)                    | (247)                    |
| Employer contributions             | –                        | –                        |
| Closing net asset                  | –                        | –                        |

## Changes in the impact of the asset ceiling:

|                                                  | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|--------------------------------------------------|--------------------------|--------------------------|
| Effect of asset ceiling at the start of the year | 18,261                   | 11,168                   |
| Interest on asset limit                          | 457                      | 268                      |
| Change in asset limit other than interest        | (10,640)                 | 6,825                    |
| Pension asset                                    | 8,078                    | 18,261                   |

## B. Group Personal Pension Plan

Members may contribute as much as they want to the Group Personal Pension Plan subject to Her Majesty's Revenue and Customs (HMRC) rules.

We provide employers' contributions to the Group Personal Pension Plan, in line with legislation and based on contributions matched by the employee. The following table illustrates the contribution rates payable. Employees can receive enhanced contributions based on their length of service.

| Membership eligibility           | Scope contribution %      | Employee contribution %                         |
|----------------------------------|---------------------------|-------------------------------------------------|
| Basic                            | 3% of qualifying earnings | 5% of qualifying earnings                       |
| Upgrade – after 2 years' service | 4% of total earnings      | Employee must match the employer % contribution |
| Upgrade – after 4 years' service | 6% of total earnings      | Employee must match the employer % contribution |

We deduct employee contributions on a salary exchange basis approved by HMRC. Details of the pension plan are provided to employees under the rules of auto enrolment, or on request.

Scope's contributions to the Group Personal Pension Plan amounted to £1,079,545 (compared to £987,905 in 2019/20).