

**Lead Scotland**

**Report and audited financial statements**

**For the year ended 31 March 2018**



Lead Scotland is a company limited by guarantee with no share capital  
Company registration number: SC110186  
Registered Scottish charity: SC003949

## **Contents**

	<b>Pages</b>
Reference and administrative details	1
Board of Directors' report	2-12
Report of the auditors to the trustees and members	12-14
Statement of financial activities and income and expenditure account	15
Balance sheet	16
Statement of cash flow	17
Notes to the accounts	18-31

## Reference and administrative details

<b>Charity name</b>	Lead Scotland
<b>Registered company number</b>	SC110186
<b>Registered charity number</b>	SC003949
<b>Trustees</b>	Gillian Brown (resigned 24 <sup>th</sup> October 2017) Donald Jarvie Tricia Illsley Paul Smith (appointed 24 <sup>th</sup> October 2017) Beverley Smith Colin Anderson Kevin Mallon Pamela Maxwell Ahmed Yousaf Ronald Jack (resigned 13 <sup>th</sup> September 2017) Andrew McMahon Sandra Wilson
<b>Company secretary</b>	Colin Anderson
<b>Registered office</b>	Room B05 Edinburgh Napier University Merchiston Campus 14 Colinton Road Edinburgh EH10 5DT
<b>Senior staff</b>	Emma Whitelock, Chief Executive Officer Stephen Fernand, Regional Development Manager South Sarah Burton, Regional Development Manager North (from May 2017) Doreen O'Donnell, Finance & Administration Manager
<b>Auditors</b>	Henderson Loggie Ground Floor, 11-15 Thistle Street Edinburgh EH2 1DF
<b>Bankers</b>	Co-operative Bank 1 Balloon Street Manchester M60 4EP
<b>Solicitors</b>	Lindsays WS Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE

## **Board of directors' report**

The Board of Directors of Lead Scotland is pleased to present its annual report together with the audited financial statements for the year ended 31 March 2018.

### **Vision and Mission statement**

Our vision is of an inclusive Scotland where disabled people, carers and those who experience exclusion can connect with their ambition to move forward in life through learning.

Our mission is to lead positive social change by empowering disabled people and carers to learn.

### **Organisational structure**

The management of the Company is the responsibility of the Board of Directors, who are elected under the terms of the Memorandum and Articles of Association. Board members are provided with an induction pack and training as appropriate. The Board of Directors delegates day to day management of the Company to the Chief Executive Officer, who is supported by the management team. The Board of Directors is the governing body of the company and, through its Finance Committee, is responsible for the organisation's system of internal financial controls. The Finance Committee is chaired by the Treasurer who is supported in carrying out this responsibility by other Directors including the Chairperson.

The Objects in Lead Scotland's Memorandum are:

"The Object for which the Company is established is to advance the education of the public in Scotland particularly in the area of working with people with disabilities and their carers and people disadvantaged by their social or educational exclusion."

In furthering the attainment of the above mentioned charitable object, the company shall have the following purposes:

- a) To encourage and enable the inclusion of persons with disabilities and their carers, and such other persons disadvantaged by their social or educational exclusion as may seek assistance, into educational opportunities and where appropriate to provide a trained volunteer to work on a one to one basis with such persons in their own homes or such other appropriate venues;
- b) To provide information and support with education;
- c) To provide, where appropriate, ICT and other equipment to support individual learners without access to such items from other sources;
- d) To provide an information/resources service on education and leisure opportunities;
- e) To act as a specialist resource service particularly to organisations who are not working in the field of disability or who lack awareness of the same, as well as to those working in the field of disability, and fields relevant to other persons disadvantaged by their social or educational exclusion;
- f) To promote and organise co-operation in the achievement of the above purposes.

## **Board of directors' report** *(continued)*

**The Core Strategic Objectives for the planning period (2016 - 2019) are:**

### **Strategic goals 2016-19**

- Increase the number of people who can benefit from using our services
- Extend our national coverage
- Increase sustainable revenue streams

### **The Aims of our Strategic goals**

- To reach more people across Scotland
- To build the capacity and capability of our staff and volunteers to excel in their roles
- To deliver high quality, effective services which give value for money
- To influence policy change for a fairer, more inclusive Scotland

### **Strategic Focus in Current Year (2017/18)**

Our strategic objectives have annual targets. Our strategic priorities for change to achieve the annual targets and objectives are:

- Continuously improve efficiency and effectiveness in our services and processes through both digital and face to face provision
- Focus on engagement and marketing to improve our visibility and positioning
- Strengthen our service offer with new cross sector partnerships and by becoming an SQA Centre
- Explore ways of making our services more flexible to meet market demand and commissioner service delivery requirements
- Optimise our team capacity, capability and cyber resilience through developing our people

### **The importance of Lead's Volunteers**

We are immensely grateful to 148 dedicated volunteers and supporters who add tremendous value to the work of our organisation in this period, up from 105 last year. The Board led a cross stakeholder Volunteering Strategy Day in December 2017 with an input from Volunteer Scotland. As a result we are lowering the age of volunteering from 18 to 16 for specific roles next year. We achieved reaccreditation for the external quality standard, Investing in Volunteers, in October 2015 for another 3 years, now held continuously since 2005. We have also achieved the Volunteering Friendly Award in Dundee and North Lanarkshire. Our volunteers are involved in many different ways including:

- Providing practical support to disabled people and carers (e.g. study skills, orientation, scribing);
- Supporting disabled people and carers through non formal and formal learning opportunities and overcome barriers (e.g. by offering support to learn at home);
- Fundraising support, such as doing the Kiltwalk
- Supporting Lead Co-ordinators (e.g. with administration, publicity and promotion);
- Mentoring new volunteers;
- Assisting the work of Head Office staff (e.g. taking part in focus groups, short term projects, undertaking administration, photography for one-off and annual events, etc.);
- Supporting the Co-ordinators to deliver a variety of integrated literacy, numeracy, core and digital skills programmes;
- Volunteer Befrienders;
- Undertaking fundraising and profile raising activities through Friends of Lead groups.

## Board of directors' report *(continued)*

### Key management remuneration

Remuneration for Lead's key management personnel, Chief Executive Officer, Regional Development Manager North, Regional Development Manager South and Finance and Administration Manager totals, £145,389 inclusive of pension and national insurance contributions. Pay is set in line with Scottish Joint Council payscales and is agreed by the Board of Directors.

### Review of the year

We were delighted to be awarded four year core funding from the Scottish Government via their Adult Learning and Empowering Communities Fund, until March 2020. The core funding from the Scottish Government is crucial in enabling us to provide all our activities, such as: our national information and advice service, our policy work and our frontline services. Lead Scotland has also been actively involved in the National Strategic Forum for Adult Learning promoting the benefits of lifelong, life wide and learner centred learning for individuals, families and communities. Our Chief Executive Officer Chairs the National Family Learning Working group as a key part of the implementation of the Statement of Ambition for Adult Learning.

We are extremely grateful for the continuing funding support from local authority partners for Lead's activities in Aberdeenshire, Dundee, Fife, Highland, North Lanarkshire and Perth and Kinross within an increasingly challenging funding climate. We have strong partnerships with our local authority funders, offering value for money services which continue to meet the gaps in services that they have identified locally through their local planning, consultation and involvement processes. In this period we secured a new test for change Digital Health and Wellbeing Project in Perth and Kinross, testing the hypothesis that improved digital skills can lead to greater independence, increased connection with family and community, improved wellbeing and can delay the need for care support services. We have been able to create a part-time post in Highland delivering a range of accredited learning and employability programmes to disabled people, with funding from Highland council, Highlife Highland and the National Third Sector Fund. We have also been able to start up learning services in Moray again with funding from the Robertson Trust matched with legacy funding.

Our performance against our strategic objectives in 2017-18:

- We engaged and supported 243 disabled people and carers through our frontline services , up 10% compared with last year. We involved four sessional staff, building our capacity to offer small group learning sessions in the subject of numeracy, Adult Achievement Awards, Community Action and Leadership Awards and Thinking Digitally. 72 learners took up the Adult Achievement Award this year up from 29 last year.
- We increased the number of calls to our national information service by 11% to 217. Our information service benefited from the involvement of a disabled graduate through Inclusion Scotland and SCVO's internship programme: refreshing information guides, developing case studies and marketing the service.
- The number of local authority areas we worked with stayed the same, but we have been able to expand our service offer in Perth & Kinross, Aberdeenshire, North Lanarkshire and Fife reaching more learners and offering more accreditation routes.
- We increased our levels of unrestricted funding (excluding legacy funding) and we increased the number of contracts and supporters. Unrestricted income was directed at frontline services such as providing match funding in Moray, providing IT equipment, course licence and registration fees. We created a new post and Board committee to lead on engagement and fundraising, and this tactic is engaging more supporters and funds.

## **Board of directors' report** *(continued)*

### **Review of the year** *(continued)*

We have greatly increased our following on Facebook and Twitter as we look forward with ambition to reach more learners who can benefit from our services and grow our footprint across Scotland.

Changes in personnel: three staff moved on within this reporting period to whom we are grateful for their commitment and service: our Highland and Aberdeenshire Coordinators and our Administration Assistant/Bookkeeper who have been succeeded by new staff who have taken up the reins of the good work started by their predecessors. We have recruited a new full-time staff member in Perth & Kinross at the helm of the Digital Health and Wellbeing project. To enable us to take forward our strategic objectives we are continuing to become paperlight, more cyber resilient and capitalise on the use of digital tools for communication and collaboration. The Board Committee structure set up last year is working well: Engagement and Fundraising, Risk and Strategy & Futures, running alongside the already existing Finance Committee.

We increased our organisational capacity and capability by successfully involving two interns (communication and information service internships) through funded schemes and through the involvement of four sessional staff who have added value by delivering group sessions to learners.

Lead Scotland is committed to continuous improvement as part of our culture and value base, to be the best organisation it can be, best measured through the experience and success of people who engage with our services. We invite ongoing feedback from learners, volunteers, staff and partners throughout their involvement via evaluations, reviews and occasional focus groups. We also track learners three and six months after their last contact with Lead. This feedback is used to shape current and future developments, delivery and support arrangements. Our staff are committed to continuous improvement, using self evaluation tools such as How Good is Our Third Sector Organisation and the celebration of impact.

We were delighted to be chosen to be part of the second pilot phase of the new Adult Achievement Awards at SCQF level 3, 4 and 6, with 72 learners and volunteers gaining accreditation. This Award is truly learner centred and flexible, creating a new progression route from through the accreditation of informal learning and volunteering. Learners in Aberdeenshire were involved in the new SCQF level 2 course being developed.

87% of all learners across all projects reported improved confidence during their engagement with Lead. 40% of learners responded to tracking 3 and 6 months after leaving the service. Combined 3 & 6 month responses: 86% said they were still using the skills they learned with Lead, 77% felt confident and 70% still motivated to keep learning.

We are committed to adapting our services in response to demand, supporting learners to take up learning opportunities which match their longer term goals of further learning, accreditation, volunteering, active citizenship and work. As well as a continuing demand for literacy, numeracy and core skills there is growing demand from individuals who want/need to get online, gain employability skills, active citizenship skills and volunteering experience. During 2017-18 we built on our commitment to support the learners we work with in engaging with a wide range of policy agendas, national outcomes and indicators, including for example, digital participation and cyber resilience, community empowerment, prevention and early intervention, the mitigation of loneliness and the child poverty related attainment gap. We are striving to empower disabled people and carers to create a fairer more equal Scotland through the provision of relevant education and lifelong learning and by shaping more effective services.

## **Board of directors' report** *(continued)*

### **Review of the year** *(continued)*

We are making a contribution by widening access to use of the internet and are empowering learners to safely and confidently connect online. Staff and volunteers are also supporting Community Learning and Development practitioners to become more digital agile through the delivery of our credit rated module Thinking Digitally.

The Directors wish to acknowledge and thank the two Friends of Lead groups, in North Lanarkshire and Dundee. Friends of Lead North Lanarkshire is independently constituted and both are made up of members, learners and volunteers who are ambitiously supporting Lead through raising awareness and fundraising for valuable unrestricted funds which add value to local projects. The Directors are very appreciative of their support and commitment.

Lead staff, Board members and volunteers, past and present, are exceptionally committed, focussed on supporting achievement and progression. All the successes of the organisation are due to their enabling approach, their integrity and tenacity, excellent teamwork and an unwaveringly positive focus on striving for successful outcomes.

### **Risk management**

The Board of Directors and the management team have adopted a structured approach to risk management and have incorporated risk management into management practices. The risks facing the organisation - including the impact, likelihood and possible mitigations - are reviewed on a regular basis. However, in light of ongoing external exigencies the Board of Directors and the Senior Management Team will continue to undertake an even greater scrutiny of risks being faced both internally and externally by the organisation during the next few years.

The main risks to the charity going forward remain:

- Pressure on the public purse which may affect government related funding available for the charity's core purposes;
- lack of sustainable funding for activities, or significant cuts to funding projects.

The risks are closely monitored and the mitigations are at the core of Lead's strategy going forward. These mitigations include:

- Continuing to build and strengthen relationships within Government and with other key stakeholders to ensure visibility for Lead and an appreciation of the services delivered;
- Identifying and building other sources of funding for which a new role has been created focused on this activity;
- Seeking project expansion opportunities within areas where we already have strong partnerships
- Becoming an SQA centre to strengthen our learning offer and our market position;
- Identifying and evaluating new, diverse service offerings that remain in line with Lead's core Vision.



## **Board of directors' report** *(continued)*

**The three main objectives of the financial control system** are to:

- ensure that the company maintains proper accounting records;
- safeguard the organisation's assets from unauthorised disposal or use;
- ensure the integrity and reliability of financial and operational information used for: (a) decision making within the organisation and (b) external publication.

**The company's internal controls** include:

- a strategic plan, operational plans and annual budget approved by the Board of Directors;
- regular consideration of financial results and variance from budgets, Chief Executive Officer and Regional Development Managers' review of non-financial and performance indicators;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors confirms that the financial statements comply with the current statutory requirements and the requirements of Lead's Memorandum and Articles of Association.

The Board of Directors confirms that, on a fund by fund basis, Lead's assets are adequate to fulfil Lead's obligations.

### **Financial review**

The service base saw a mixture of increases and decreases across our delivery areas. In spite of the considerable funding challenges that Lead faces we continue to make good progress. The audited accounts show a surplus of £36,449. Annual payments are being made to reduce a material defined, long term, pension liability (see note 16). The impact is being minimised through robust financial governance.

The Board of Directors can confirm that there was sufficient funding available to Lead during 17/18 to deliver our full programme of services.

The Board of Directors and all of the Lead team wish to thank all partners, individuals and agencies, whose financial and/or in kind support provided benefits during the year. In particular, we thank the following charitable trusts for their continued and much valued financial support: the Hugh and Mary Miller Foundation; the Tay Charitable Trust. We are immensely grateful to James Hill who generously remembered Lead Scotland in his will. The support from donations, legacies and charitable trusts provides Lead with resources that can be used wherever they are most needed in the delivery of our services for disabled people, carers and other people who experience disabling barriers within our communities.

Lead received funding through the Adult Learning and Effective Communities Fund towards its headquarters costs. Principal funding sources are listed elsewhere in the accounts and include Local Authorities, Adult Literacy Partnerships, Community Planning Partnerships, Big Lottery and Robertson Trust.

## **Board of directors' report** *(continued)*

### **Reserves policy**

The Board of Lead Scotland has agreed a policy for reserves that requires reserves to be maintained at a level that:

- i. Ensures that Lead Scotland core activities can continue during a period of unforeseen difficulty or financial uncertainty, and
- ii. Provides an appropriate period of time to secure additional or new funding when existing funding is withdrawn or no longer available, and
- iii. Endeavours to ensure that Lead Scotland is able to meet costs associated with a reduction in services or closure of the organisation including outstanding liabilities.

The calculation of the required level of reserves is an integral part of the annual planning, budget and forecast cycle. A proportion of the reserves was maintained in cash on deposit or other readily realisable forms. The level of reserves was agreed by the Board of Directors who take account of:

- Risks associated with each income stream and expenditure being at variance with that budgeted for;
- Planned activity levels and any variance;
- Organisational commitments.

Lead Scotland aims to maintain the overall level of free funds held on reserve at an equivalent of 4 months running costs for the organisation which is approximately £160,000. The current level is £159,265. The Board is satisfied that the organisation's cash reserve position remains adequate as they consider the pension deficit, which is included on the balance sheet as a provision under FRS 102, remains unlikely to crystallise in the short term. Further information on this provision is given in note 16.

#### *General Fund*

The General Fund represents the free reserves of Lead Scotland. During the year this fund increased to £159,266 (note 12).

#### *Designated funds*

Designated funds have decreased from £9,464 to £9,456 (note 12).

#### *Restricted funds*

Restricted funds have increased from £68,664 to £93,314 (note 13).

The surplus will be used to reach more learners as per our first strategic goal, for example to match fund grants to provide frontline services.

## **Board of directors' report** *(continued)*

### **Future developments**

- Lead will become an SQA Centre from April 2018, enabling us to offer more accredited courses
- Lowering the age of volunteering from 18 to 16 to widen access to volunteering opportunities, as part of our commitment to the Year of Young People 2018
- Lead will continue to develop direct services in local authority areas in response to demand
- Continue to become paperlight and use more digital tools to provide inclusive and efficient services
- Continue to involve sessional staff as an expansion of the service model, taking advantage of short term contract opportunities
- Identify ways by which our service models can be sustained through new funding streams and commissioning opportunities such as direct payments and sub contracting models
- Develop consistent messages which clearly promote and position Lead
- Create an organisational culture of active and continuous engagement and fundraising to raise awareness, encourage donations and more supporters
- Seek new partners and collaborations to offer joined up strategic and operational 'pipeline' services within existing areas
- Deliver best value services which have a positive impact on the lives of individuals, their families and communities
- Work with partners to improve the experience of the transition from school for young disabled people and their families

### **Statement of Directors' responsibilities**

The Directors (who are also trustees for the purposes of charity law) are responsible for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Going concern**

The Directors have considered the anticipated revenue and expenditure for a 12-month period from the date of signing this Annual Report and confirm that they consider Lead Scotland will continued to operate on a 'going concern' basis within that timeframe.

## **Board of directors' report** *(continued)*

### **Disclosure of information to auditors**

The report was prepared in accordance with the special provisions of the Companies Act relating to small companies.

In so far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and each Director has taken all the steps they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Approved by the Board of Directors on  
Signed on behalf of the Board 14<sup>th</sup> August 2018



Paul W. Smith  
Director  
Treasurer

## **Independent Auditor's Report to the Trustees and Members of Lead Scotland**

### **Opinion**

We have audited the financial statements of Lead Scotland (the 'charitable company') for the period ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 FRS 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 charitable company's affairs as at 31 March 2018 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

### **Basis of 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 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.

## **Independent Auditor's Report to the Trustees and Members of Lead Scotland**

(continued)

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **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 directors 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 our audit:

- the information given in the Trustees' Report which includes the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report which includes the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

## **Independent Auditor's Report to the Trustees and Members of Lead Scotland**

(continued)

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors (who are also the trustees of the charitable company for the purposes of charitable 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.



**James Davidson (Senior statutory Auditor)**

**For and on behalf of Henderson Loggie**

**Chartered Accountants & Statutory Auditors**

**Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006**

11-15 Thistle Street

Edinburgh

EH2 1DF

14 August 2018

# **Statement of financial activities and income and expenditure account** **Year ended 31 March 2018**

	Notes	Restricted funds £	Designated funds £	Unrestricted funds £	Total 2018 £	Total 2017 £
<b>Income from:</b>						
Donations and legacies	2	2,800	-	11,246	14,046	88,139
Other trading activities	2	-	-	6,189	6,189	2,023
Investment income	2	-	-	1,101	1,101	822
Income from charitable activities	3	483,165	-	-	483,165	469,202
<b>Total income</b>		<b>485,965</b>	<b>-</b>	<b>18,536</b>	<b>504,501</b>	<b>560,186</b>
<b>Expenditure on:</b>						
Raising funds	5	-	-	(13,463)	(13,463)	(9,909)
Charitable activities	6	(463,633)	(8)	7,071	(456,570)	(434,519)
<b>Total expenditure</b>		<b>(463,633)</b>	<b>(8)</b>	<b>(6,392)</b>	<b>(470,033)</b>	<b>(444,428)</b>
<b>Net income/(expenditure)</b>		<b>22,332</b>	<b>(8)</b>	<b>12,144</b>	<b>34,468</b>	<b>(115,758)</b>
<b>Transfers</b>	13	2,318	-	(2,318)	-	-
<b>Other recognised (losses):</b>						
<b>Actuarial gains/(losses) on defined benefit pensions scheme</b>	16	-	-	940	940	(2,252)
<b>Net movement in funds</b>		<b>24,650</b>	<b>(8)</b>	<b>10,766</b>	<b>35,408</b>	<b>113,506</b>
Fund balances brought forward at 1 April 2017		68,664	9,464	148,500	226,628	113,122
Fund balances carried forward at 31 March 2018		93,314	9,456	159,266	262,036	226,628

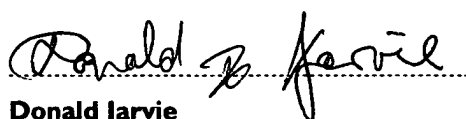
There were no recognised gains or losses other than those included in the statement of financial activities and income and expenditure account. All activities relate to continuing operations.

The notes on pages 18 to 31 form part of these financial statements.

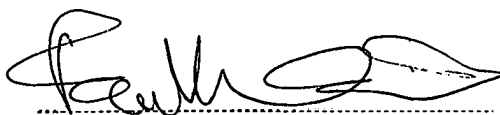
**Balance sheet**  
**As at 31 March 2018**

	Notes	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>	8	-			225
<b>Current assets</b>					
Debtors	9	52,101		93,756	
Cash at bank and in hand		304,949		229,157	
		<u>357,050</u>		<u>322,913</u>	
<b>Creditors: amounts falling due within one year</b>	10	(30,688)		(24,095)	
<b>Net current assets</b>			326,362		298,818
<b>Total assets less current liabilities</b>			<u>326,362</u>		<u>299,043</u>
<b>Provisions for liabilities and charges</b>	16		(64,326)		(72,415)
<b>Net assets</b>			<u>262,036</u>		<u>226,628</u>
<b>Represented by</b>					
Unrestricted General Fund	12		159,266		148,500
Unrestricted Designated funds	12		9,456		9,464
Restricted funds	13		93,314		68,664
<b>Total funds</b>			<u>262,036</u>		<u>226,628</u>

The financial statements are prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 relating to small companies and were approved by the board of directors on 14<sup>th</sup> August 2018 and were signed by:



**Donald Jarvie**  
Chair



**Paul Smith**  
Treasurer

**Company Registration No: SC110186**

The notes on pages 16 to 29 form part of these financial statements



**Statement of Cash Flows**  
**As at 31 March 2018**

	2018 £	2017 £
<b>Cash flow from operating activities</b>		
Net income	34,468	115,758
Depreciation charge	225	378
Actuarial gains/(losses) on defined benefit pension scheme	940	(2,252)
Interest income	(1,101)	(822)
Decrease/(Increase) in debtors	41,655	(19,309)
(Decrease)/increase in creditors	6,593	(24,407)
(Decrease) in defined benefit pension provision	(8,089)	(4,066)
<b>Cash provided by/(used in) operations</b>	<b>74,691</b>	<b>65,280</b>
<b>Cash flow from investing activities</b>		
Interest income	1,101	822
<b>Cash provided by investing activities</b>	<b>1,101</b>	<b>822</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>75,792</b>	<b>66,102</b>
Cash and cash equivalents at beginning of period	229,157	163,055
<b>Cash and cash equivalents at end of period</b>	<b>304,949</b>	<b>229,157</b>
<b>Analysis of cash and cash equivalents</b>		
Cash at bank	219,301	154,261
Short term deposits	85,648	74,896
	<b>304,949</b>	<b>229,157</b>

## Notes to the financial statements

Year ended 31 March 2017

### I. Accounting policies

#### Basis of preparation

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They have also been prepared under historical cost accounting rules. The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

Having reviewed the secured funding contracts and the free reserves of the charity the trustees consider it is appropriate to draw up the accounts on a going concern basis.

#### Company status

The charity is a private company limited by guarantee and incorporated in Scotland, with its registered address as set out on page 1. The members of the company include the directors named on page 1 and other interested parties. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The charity constitutes a public benefit entity as defined by FRS 102.

#### Income

Income consists principally of grants and donations. Income is recognised when the charity has entitlement to the funds, when it is probable that the income will be received and the amounts can be measured reliably. Income is deferred where there is insufficient evidence that the funding conditions are within the charity's control and therefore will be met. For legacies, entitlement is taken as the earlier of the date on which the charity is aware that confirmation or probate has been granted; the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made; or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified by the executor's intention to make a distribution.

#### Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure from restricted or designated funds is set against the appropriate fund. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of research and consultancies carried out for the third parties;
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. This includes governance costs which comprise those costs associated with the governance of the charity. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Where possible, expenditure has been charged directly to charitable expenditure or governance costs. Where this is not possible the expenditure has been allocated on the time spent by staff on each activity. The organisation is not registered for Value Added Tax (VAT). All VAT on incurred costs is included in the attributable expenditure.

#### Support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated to charitable activities.

## Notes to the financial statements *(continued)*

### Year ended 31 March 2018

#### 1. Accounting policies *(continued)*

##### **Donated services**

In accordance with the Charities SORP (FRS 102), the general volunteer time of the volunteers is not recognised.

##### **Termination payments**

All termination payments made in the year are recognised in the statement of financial activities and income and expenditure account.

##### **Fixed assets and depreciation**

Individual fixed assets costing £350 or more are capitalised. Where assets relate to a specific restricted fund these are expensed in the year of purchase.

Provision is made for the depreciation of fixed assets in order to write off the cost or valuation over their expected useful lives as follows:

Computer equipment	- 33% straight line
Office equipment	- 20% straight line

##### **Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

##### **Cash**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

##### **Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

##### **Operating leases**

Rentals payable under operating leases are charged on a straight-line basis over the lease term.

##### **Pensions**

###### **Defined benefit pension scheme**

The company participates in a defined benefit pension scheme, the assets of which are held separately from those of the company in independently administered funds and for which it is not possible to separately identify the assets and liabilities of participating employers. As required by FRS 102, it recognises a liability representing the net present value of the deficit reduction contributions payable under the existing deficit funding arrangements.

###### **Defined contribution pension scheme**

The charity also contributes to a pension scheme providing benefits based on contributions. Employer contributions charged to the statement of financial activities represents the contributions payable to the scheme in respect of the accounting period.

##### **Taxation**

The company is accepted as a charity for tax purposes. It is considered that no liability to corporation tax will arise on the results of the year.

## **Notes to the financial statements (continued)**

### **Year ended 31 March 2018**

#### **Financial instruments**

The charity only enters into basic financial instruments. Financial assets are initially measured at transaction price and subsequently held at cost, less any impairment. Financial liabilities are initially measured at transaction price and subsequently held at amortised cost.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

##### **Pension and other post-employment benefits**

The cost of defined benefit pension plans are determined using actuarial valuations and recognising the net present value of the deficit funding arrangement the company has agreed to. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

## Notes to the financial statements (continued)

### Year ended 31 March 2018

#### 1. Accounting policies (continued)

##### Funds

The General Fund is an unrestricted fund which is available for use, at the discretion of the directors, in furtherance of the general objectives of the charity and which has not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for a particular purpose.

Restricted funds are funds to be used in accordance with specific restrictions imposed by donors.

#### 2. Analysis of income

	Restricted 2018 £	Unrestricted 2018 £	Total 2018 £	Total 2017 £
<i>Donations and legacies:</i>				
Hugh & Mary Millar bequest	-	7,000	7,000	7,000
Tesco Bags of Help	2,000	-	2,000	-
Tay Charitable Trust	-	500	500	500
James Hill Legacy	-	-	-	77,077
Heineken	-	-	-	1,000
Other smaller donations	-	1,235	1,235	2,562
Kilt Walk	-	1,511	1,511	-
Tough Construction	-	1,000	1,000	-
Persimmons	800	-	800	-
<b>Total donations and legacies</b>	<b>2,800</b>	<b>11,246</b>	<b>14,046</b>	<b>88,139</b>
<i>Other trading activities:</i>				
Consultancy income	-	5,208	5,208	1,400
Fundraising activities	-	981	981	623
	-	6,189	6,189	2,023
<i>Investment income:</i>				
Bank interest	-	1,101	1,101	822
<b>Total 2018</b>	<b>2,800</b>	<b>18,536</b>	<b>21,336</b>	<b>90,984</b>
	Restricted 2017 £	Unrestricted 2017 £	Total 2017 £	
Donations and legacies	200	87,939	88,139	
Other trading activities	-	2,023	2,023	
Investment income	-	822	822	
<b>Total 2017</b>	<b>200</b>	<b>90,784</b>	<b>90,984</b>	

## Notes to the financial statements (continued)

### Year ended 31 March 2018

#### 3. Income from charitable activities

	Restricted £	Unrestricted £	Total 2018 £	Total 2017 £
<i>Income from Scottish Government</i>				
Core grant	142,500	-	142,500	142,500
	<u>142,500</u>	<u>-</u>	<u>142,500</u>	<u>142,500</u>
<i>Income from local authorities</i>				
Aberdeen Council	-	-	-	4,000
Aberdeenshire Council	55,000	-	55,000	51,500
Highland Council	13,467	-	13,467	14,382
Dundee Council	30,740	-	30,740	32,000
North Lanarkshire Council	35,648	-	35,648	37,525
Fife Council	85,429	-	85,429	85,876
Perth Council	88,670	-	88,670	58,109
	<u>308,954</u>	<u>-</u>	<u>308,954</u>	<u>283,392</u>
<i>Income from others</i>				
Moray College	-	-	-	18,000
SDS	10,652	-	10,652	-
Queen Margaret University	-	-	-	3,000
SCVO	4,059	-	4,059	-
National Conference	-	-	-	3,000
Big Lottery	-	-	-	9,995
Highland Connecting Carers	-	-	-	4,825
Ticket Sales	-	-	-	4,490
Robertson Trust	10,000	-	10,000	-
Corra	3,000	-	3,000	-
Learning Link Scotland	4,000	-	4,000	-
	<u>31,711</u>	<u>-</u>	<u>31,711</u>	<u>43,310</u>
<b>Total income from charitable activities 2018</b>	<b>483,165</b>	<b>-</b>	<b>483,165</b>	<b>469,202</b>
Total income from charitable activities 2017	464,712	4,490		469,202

#### 4. Staff costs

	Total 2018 £	Total 2017 £
Salaries (including temporary staff)	330,061	315,665
Employer's NIC	25,956	23,982
Pension Contributions	11,247	7,403
	<u>367,264</u>	<u>347,050</u>

No employees received emoluments in excess of £60,000 (2017: None). Average staff numbers during the year were 15 (2017: 15). During the year travel expenses of £274 (2017: £328) were reimbursed to 3 directors (2017: 4). The directors received no remuneration in the current or previous year. Trustee indemnity insurance is provided as part of the overall insurance policy for the organisation.

## Notes to the financial statements *(continued)*

### Year ended 31 March 2018

#### 4. Staff costs *(continued)*

The remuneration and benefits paid (including employer's NI and employer's pension contributions) to the senior management team, consisting of the Chief Executive Officer, Finance & Administration Manager and Regional Development managers, were £145,389 (2017: £144,857).

#### 5. Cost of raising funds

	Restricted £	Designated £	Unrestricted £	Total 2018 £	Total 2017 £
Wages and salaries	-	-	13,240	13,240	9,804
Fundraising expenses	-	-	223	223	105
<b>Total 2018</b>	<b>-</b>	<b>-</b>	<b>13,463</b>	<b>13,463</b>	<b>9,909</b>
Total 2017	-	-	9,909	9,909	

#### 6. Charitable activities

	Restricted £	Designated £	Unrestricted £	Total 2018 £	Total 2017 £
Wages & salaries	353,946	-	78	354,024	337,246
Other staff costs	31,448	-	-	31,448	24,750
Property costs	16,608	8	-	16,616	21,237
Administration costs	28,445	-	*(7,149)	21,296	23,762
National Conference	-	-	-	-	2,903
Miscellaneous	-	-	-	-	1,336
Meeting costs	1,224	-	-	1,224	1,573
Publications and subscriptions	530	-	-	530	458
Learner costs	24,239	-	-	24,239	13,605
Depreciation	225	-	-	225	378
Governance costs (note 7)	6,968	-	-	6,968	7,271
<b>Total 2018</b>	<b>463,633</b>	<b>8</b>	<b>(7,071)</b>	<b>456,570</b>	<b>434,519</b>
Total 2017	441,865	59	(7,405)	434,519	

Included in charitable activities are support costs of £83,163 (2017: £84,556).

\* Negative expenditure allocated to unrestricted funds is due to the movement provision for pension deficit contributions payable.

#### 7. Governance costs

	2018 £	2017 £
Board/finance committee costs	1,844	2,147
Audit fees	5,124	5,124
	<b>6,968</b>	<b>7,271</b>

**Notes to the financial statements (continued)**  
**Year ended 31 March 2018**

**8. Fixed assets**

	<b>Computer Equipment £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At beginning of year	<b>29,006</b>	<b>4,168</b>	<b>33,174</b>
At end of year	<b>29,006</b>	<b>4,168</b>	<b>33,174</b>
<b>Depreciation</b>			
At beginning of year	<b>28,781</b>	<b>4,168</b>	<b>32,949</b>
Charge for year	<b>225</b>	<b>-</b>	<b>225</b>
At end of year	<b>29,006</b>	<b>4,168</b>	<b>33,174</b>
<b>Net book value</b>			
At 31 March 2018	<b>-</b>	<b>-</b>	<b>-</b>
At 31 March 2017	<b>225</b>	<b>-</b>	<b>225</b>

**9. Debtors**

	<b>2018 £</b>	<b>2017 £</b>
Trade debtors	<b>46,238</b>	<b>31,940</b>
Prepayments and accrued income	<b>5,863</b>	<b>61,816</b>
	<b>52,101</b>	<b>93,756</b>

**10. Creditors**

	<b>2018 £</b>	<b>2017 £</b>
Trade creditors	<b>10,342</b>	<b>9,204</b>
Tax & Social Security	<b>8,633</b>	<b>5,810</b>
Accruals	<b>11,714</b>	<b>9,081</b>
Deferred income (note 11)	<b>-</b>	<b>-</b>
	<b>30,689</b>	<b>24,095</b>

**11. Deferred income**

	<b>2018 £</b>	<b>2017 £</b>
Balance as at 1 April 2017	<b>-</b>	<b>24,201</b>
Amount released to income earned from charitable activities	<b>-</b>	<b>(24,201)</b>
Amount deferred in year	<b>-</b>	<b>-</b>
Balance as at 31 March 2018	<b>-</b>	<b>-</b>



**Notes to the financial statements** (continued)  
Year ended 31 March 2018

**12. Unrestricted reserves**

	Opening funds £	Incoming resources £	Outgoing resources £	Transfers £	Other recognised gains £	Closing funds £
General fund	148,500	18,536	(6,392)	(2,318)	940	159,266
Dr Ethel Gray fund	9,464	-	(8)	-	-	9,456
	<u>157,964</u>	<u>18,536</u>	<u>(6,400)</u>	<u>(2,318)</u>	<u>940</u>	<u>168,722</u>

	Opening funds £	Incoming resources £	Outgoing resources £	Transfers £	Other recognised (losses) £	Closing funds £
General fund	63,323	95,274	(2,504)	(5,341)	(2,252)	148,500
Dr Ethel Gray fund	9,523	-	(59)	-	-	9,464
Total 2017	<u>72,846</u>	<u>95,274</u>	<u>(2,563)</u>	<u>(5,341)</u>	<u>(2,252)</u>	<u>157,964</u>

The Dr Ethel Gray fund is legacy from a former patron. This funds the Volunteer of the Year Award.

**13. Restricted reserves**

	Opening funds £	Incoming resources £	Outgoing resources £	Transfers £	Closing funds £
Scottish Government - core	-	142,500	(143,961)	1,461	0
National Conference	97	-	-	(97)	0
Fife	7669	51,318	(52,345)	-	6,642
North Lanarkshire	2588	35,648	(37,713)	-	523
North Lanarkshire RCOP	833	-	-	-	833
Dundee	461	30,740	(30,821)	-	380
Moray	3,768	10,000	(8,402)	-	5,366
Moray Adult Literacy Partnership	819	-	(819)	-	-
Fife Befriending	14,637	34,111	(35,480)	-	13,268
Perth Digital	8,435	0	(1,883)	-	6,552
Adult learning in Highlands	8,903	24,119	(28,418)	-	4,604
Aberdeenshire Adult Literacy Partnership	335	24,000	(23,538)	-	797
Aberdeenshire Activity Agreements	-	31,000	(30,682)	-	318
Big Lottery – Investing in Ideas	5,762	-	(7,164)	1,402	-
Thinking Digital Highland	591	-	(516)	(75)	-
Thinking Digital Perth	530	-	-	-	530
Thinking Digital Aberdeen City	4,000	-	(974)	-	3,026
Highland Connecting Carers	-	-	(536)	536	-
Perth & Kinross	9,036	44,000	(44,987)	-	8,049
Donation	200	2,800	-	-	3,000
Perth Tech for Change	-	44,670	(8,244)	-	36,426
SCVO Internship	-	4,059	(4,059)	-	-
Homeschool	-	4000	(3,091)	(909)	-
Corra North Lanarkshire	-	3000	-	-	3000
	<u>68,664</u>	<u>485,965</u>	<u>(463,633)</u>	<u>2,318</u>	<u>93,314</u>

	Opening funds £	Incoming resources £	Outgoing resources £	Transfers £	Closing funds £
Scottish Government - core	-	142,500	(146,520)	4,020	-
National Conference	-	3,000	(2,903)	-	97
Fife	5,428	51,765	(49,524)	-	7,669
North Lanarkshire	2,828	37,525	(37,765)	-	2,588
North Lanarkshire RCOP	833	-	-	-	833
Dundee Council	368	32,000	(32,492)	585	461
Moray Pilot	3,768	-	-	-	3,768
Moray Adult Literacy	272	18,000	(17,453)	-	819
Fife Befriending	10,704	34,111	(30,178)	-	14,637
Perth Digital	-	9,949	(1,514)	-	8,435
Adult learning in Highlands	6,435	10,382	(8,849)	-	7,968
Database Administrator post	206	-	-	-	206
Highland Adult Literacy Partnership	729	-	-	-	729
Aberdeenshire Adult Literacy Partnership	-	24,000	(23,665)	-	335
Aberdeenshire Activity Agreements	-	27,500	(27,945)	445	-
Big Lottery – Investing in Ideas	-	9,995	(4,233)	-	5,762
Queen Margaret University	-	3,000	(3,000)	-	-
Thinking Digital Highland	-	4,000	(3,409)	-	591
Thinking Digital Perth	-	4,000	(3,470)	-	530
Thinking Digital Aberdeen City	-	4,000	-	-	4,000
Highland Connecting Carers	-	4,825	(5,116)	291	-
Perth & Kinross	8,705	44,160	(43,829)	-	9,036
Donation	-	200	-	-	200
<b>Total 2017</b>	<b>40,276</b>	<b>464,912</b>	<b>(441,865)</b>	<b>5,341</b>	<b>68,664</b>

## Transfers

Transfers have been made from unrestricted funds where deficits have arisen on restricted funds. Transfers to unrestricted funds from surplus on fixed price contracts

### Restricted Funds – detail of awards and restrictions on use

Scottish Government (core) – contribution towards infrastructure and support costs of the organisation including running the helpline.

National Conference - funding from the Scottish Government for Lead Scotland's annual conference.

Fife – funding for the delivery of Lead services in Fife.

Scottish Government via Corra – core funding

Fife Council – funding for the delivery of Lead's learning and befriending services in Fife.

North Lanarkshire Council – funding for the delivery of Lead's services in North Lanarkshire.

North Lanarkshire RCOP - funding for the delivery of Lead's services in North Lanarkshire

Corra North Lanarkshire – for the delivery of Adult Achievement Awards.

Perth & Kinross Council – funding for the delivery of Lead's digital services in Perth & Kinross.

## Notes to the financial statements *(continued)*

### Year ended 31 March 2018

#### 13. Restricted reserves *(continued)*

Dundee Council – funding for the delivery of Lead's services in Dundee.

Moray Adult Literacy – funding for the delivery of Lead's services in Moray.

Adult learning in Highlands – funding to provide adult learning classes for IT Maintenance for Lead's volunteers in the Highlands.

National Third Sector Fund – funding for the delivery of Lead's services in Highland

Aberdeenshire Adult Literacy Partnership – funding for the delivery of Lead's services in Aberdeenshire.

Aberdeenshire Council – funding to aid the progression of young people in Aberdeenshire in their transition from school, via Activity Agreements

Perth Digital – funding to hold digital awareness sessions for staff

Big Lottery Investing in Ideas – funding for a pilot project in HMP Grampian, delivering our Community Action and Leadership Award

Edinburgh University, Santander Internship – funding an intern who produced our annual review

Inclusion Scotland & SCVO – funding an intern to support our helpline and information service

Thinking Digitally Perth - funding to deliver Thinking Digitally to Community Learning and Development workers and other practitioners identified by the funder

Thinking Digitally Highland - funding to deliver Thinking Digitally to Community Learning and Development workers and other practitioners identified by the funder

Thinking Digitally Aberdeen City – funding to deliver Thinking Digitally to Community Learning and Development workers and other practitioners identified by the funder

Donations – Monies received for the purchase of equipment in Perth, Dundee and Highlands

Learning Link Scotland – to deliver the Home School Link project.

Contact – for work undertaken on the Preparing Parents for Transition Project

Highland Connecting Carers – for work undertaken with young carers in Highland

Perth Tech for Change – to carry out work to improve people's digital skill to delay the onset of care

**Notes to the financial statements (continued)**  
**Year ended 31 March 2018**

**14. Analysis of net assets between funds**

	<b>Restricted</b>	<b>Unrestricted</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 31 March 2018 represented by:				
Tangible assets	-	-	-	225
Net current assets	<b>93,314</b>	<b>233,047</b>	<b>326,361</b>	298,818
Provisions for liabilities	-	<b>(64,326)</b>	<b>(64,326)</b>	(72,415)
	<u><b>93,314</b></u>	<u><b>168,721</b></u>	<u><b>262,035</b></u>	<u><b>226,628</b></u>
	<b>Restricted</b>	<b>Unrestricted</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 31 March 2017 represented by:				
Tangible assets	-	225	225	603
Net current assets	<b>68,664</b>	<b>230,154</b>	<b>298,818</b>	189,000
Provisions for liabilities	-	<b>(72,415)</b>	<b>(72,415)</b>	(76,481)
Total 2017	<u><b>68,664</b></u>	<u><b>157,964</b></u>	<u><b>226,628</b></u>	<u><b>194,508</b></u>

**15. Leasing commitments**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2018</b>	<b>2017</b>
	<b>Buildings</b>	<b>Buildings</b>
	<b>£</b>	<b>£</b>
Not later than one year	<b>10,210</b>	10,210
Later than one year and not later than five years	<b>826</b>	10,738
	<u><b>11,036</b></u>	<u><b>20,948</b></u>
Lease payments recognised as expense in year	<u><b>13,488</b></u>	<u><b>16,430</b></u>

**16. Provisions for liabilities and charges**

Defined benefits pension scheme net present value of deficit contributions payable:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Provision at start of period	<b>72,415</b>	76,481
Unwinding of the discount factor (interest expense)	<b>899</b>	1,496
Deficit contribution paid	<b>(8,048)</b>	(7,814)
Remeasurements – impact of any change in assumptions	<b>(940)</b>	2,252
Remeasurements – amendments to the contribution schedule	-	-
	<u><b>64,326</b></u>	<u><b>72,415</b></u>

## Notes to the financial statements *(continued)*

Year ended 31 March 2018

### 16. Provision for liabilities and charges *(continued)*

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

#### Present values of provision

	31 March 2018 (£s)	31 March 2017 (£s)	31 March 2016 (£s)
Present value of provision	64,326	72,415	76,481

**Notes to the financial statements (continued)**  
**Year ended 31 March 2018**

**16. Provision for liabilities and charges (continued)**

Income and expenditure impact	Period ending 31 March 2018 £	Period ending 31 March 2017 £
Interest expense	899	1,496
Remeasurements – impact of any change in assumptions	(940)	2,252
Remeasurements – amendments to the contribution schedule	-	-

**Assumptions**

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.71	1.32	2.07

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

**Deficits contributions schedule**

Year ending	31 March 2018 (£s)	31 March 2017 (£s)	31 March 2016 (£s)
Year 1	8,289	8,048	7,814
Year 2	8,538	8,289	8,048
Year 3	8,794	8,538	8,289
Year 4	9,058	8,794	8,538
Year 5	9,330	9,058	8,794
Year 6	9,610	9,330	9,058
Year 7	9,898	9,610	9,330
Year 8	5,097	9,898	9,610
Year 9	-	5,097	9,898
Year 10	-	-	5,097

The Growth Plan is a “last man standing” multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2017 the total deficit calculated on the buy-out basis was £187.2m

**Notes to the financial statements (continued)**  
**Year ended 31 March 2018**

**16. Provision for liabilities and charges (continued)**

Lead Scotland has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2016. As of this date the estimated employer debt for Lead Scotland was £164,831. It is not the trustees intention to crystallise this liability.

At the year end there were outstanding contributions to the Scheme of £0 (2017: £651).

As a replacement to the above scheme the charity has set up a group personal pension scheme administered by The Pensions Trust. Total employer contributions in the year are £11,084 (2017: £7,403) and at the year there were outstanding contributions to the scheme of £0 (2017 £1,000).

**Financial Instruments**

	2018	2017
Carrying amounts of financial assets		
Debt instruments measured at amortised cost	<u>46,238</u>	<u>31,940</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>20,665</u>	<u>18,285</u>

Debt instruments measured at amortised cost comprises trade debtors

Liabilities measured at amortised cost comprises trade creditors and accruals