

**Company number SC129392**  
**Charity number SC017954**

**LOTHIAN CENTRE FOR INCLUSIVE LIVING**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2020**

**BROWN, SCOTT & MAIN**

Chartered Accountants and Statutory Auditor

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **COMPANY INFORMATION**

### **CONVENOR**

Jeff Adamson

### **OTHER DIRECTORS**

Liz Pearston  
Louise Doctor  
John Ballantine  
David Brown  
Elizabeth Adamson  
Dugald McArthur  
Balkishan Agrawal

### **CHIEF EXECUTIVE**

Florence Garabedian

### **TREASURER**

Liz Pearston

### **REGISTERED OFFICE**

Norton Park Centre  
57 Albion Road  
Edinburgh

### **AUDITORS**

Brown, Scott & Main  
91 West Savile Terrace  
Edinburgh

### **BANKERS**

Clydesdale Bank PLC  
Edinburgh

Co-operative Bank  
Manchester

Barclays Bank UK PLC  
London

### **COMPANY NUMBER**

SC129392

### **CHARITY NUMBER**

SC017954

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **REPORT OF THE DIRECTORS**

The directors present the audited financial statements for the year ended 31 March 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Document**

Lothian Centre for Inclusive Living (LCiL) is a charitable company, limited by guarantee without a share capital, which was incorporated on 17 January 1991. LCiL is recognised as a charity by HM Revenue and Customs and by the Office of the Scottish Charity Regulator. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up the liability of each member is restricted to £1.

### **Organisational Structure**

The directors of LCiL set the overall policy and strategic direction of the organisation. The directors hold regular 6 weekly board meetings, physically or virtually, which the Chief Executive attends in the capacity of Company Secretary, which role attaches no voting rights.

Day to day responsibility for the provision of services and implementation of the organisation's business plan is delegated by the Board to the charity's Chief Executive.

### **Appointment of Directors**

The directors of the company are also charity trustees for the purposes of charity law. The LCiL Board can have a maximum of 9 directors and a minimum of 6. As a user-led disability organisation, at least 51% of the directors must be disabled people and the Convenor must always be a disabled person. In this way, the Board ensures that the needs of its service-users are appropriately reflected through the diversity of the directors.

Any member who wishes to be considered for appointment as a director by means of ordinary resolution at an Annual General Meeting (AGM) must first lodge a written notice with the organisation of their intention. The application must be signed by the two members who serve as proposer and nominator and must also contain a statement as to whether or not the proposed member identifies as a disabled person. Alternatively, a member may be co-opted by the directors at any time, subject to ratification at the subsequent AGM.

The directors strive to bring appropriate knowledge and experience of and to LCiL's services, and further business and strategic skills to the LCiL Board through appointments of new directors. The skills and experience of the Board are kept under review by means of training needs analysis and mapping of existing knowledge. If a gap in any specific area develops, individuals with relevant skills and experience are invited to join the Board of Directors on a co-opted basis.

### **Recruitment, Induction and Training of Directors**

LCiL has a targeted recruitment process which, as mentioned above, actively recruits directors to match any identified skills gaps. The recruitment process for directors includes a written application from the nominee detailing their experience, skills and knowledge of the organisation's values and services. Declaration of Eligibility and Declaration of Interest forms must also be completed and submitted to existing Board members who will assess whether the details given indicate a good 'match' for the organisation and requirements of the Board. All new directors receive induction and training on LCiL's services and on their roles and responsibilities as board members.

Every two or three years LCiL holds an event involving both staff members and directors to collaborate on and plan the strategic direction of the organisation. Such events foster improved communication and allow directors the opportunity to get to know their key resource – the staff team. In addition to this, members of the Board attend some of the staff meetings.

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **REPORT OF THE DIRECTORS (CONTINUED)**

New directors have a 'settling in' period which involves their attendance at three consecutive Board meetings, during which time references and PVG Scheme membership will be sought. At the end of this period a review process is carried out by existing Board members to ascertain the suitability of the new director and provide a forum for feedback from both parties.

### **Risk Management**

It is important to recognise that LCiL operates in an ever changing and increasingly competitive external environment. The Covid 19 pandemic, and subsequent lock down at the end of the period covered by this report, are adding a very high level of uncertainty regarding funding, service delivery and overall organisational management.

The most significant risk faced by LCiL continues to be financial uncertainty. LCiL closely monitors its services, any changes in demand or unusual trends, and regularly reviews its options longer term. Future commissioning and procuring activities by the four Lothian councils are not clear. To address this LCiL is trying to maintain good and transparent relationships with local authorities and provides regular and reliable information about service delivery and service users feedback on services received. However, the second round of the Support in the Right Direction (SiRD) Programme, funded by the Scottish Government from October 2018 to the end of March 2021, provides a great opportunity to strengthen the resources for capacity building and peer support activities in the organisation.

All LCiL's policies are regularly reviewed to ensure that they are up to date, correctly implemented and monitored.

In these ways the Directors can ensure that systems are in place to mitigate LCiL's exposure to main risks.

LCiL's Chief Executive regularly produces risk analyses for the Board of Directors, highlighting such factors as:

- Project funding timescales, in particular the relevant exit strategies
- Any unexpected increases in overheads
- Any internal issue which may result in formal action against the organisation
- Any complaints or potential complaints from service-users and stakeholders
- Any significant external policy or legislative changes

Finally, at an operational and practical level, staff and visitors' exposure to risk is minimised by stringent application of Health and Safety and Lone Working good practices. These were greatly strengthened with the arrival of the Covid 19 pandemic and currently allow only a very small number of staff in the office.

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **REPORT OF THE DIRECTORS (CONTINUED)**

### **OBJECTIVES, ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE**

#### **Purpose and activities**

"LCiL works with disabled people to take control of their own lives, support their choice to take up their rights and enable their full participation in society"

To this end the aims of LCiL are:

- To provide a range of services to support independent living, developed and managed by and for disabled people
- To support the right of disabled people to live independently and take control of their own lives
- To provide the opportunity for disabled people to further their own personal and professional development
- To promote the social inclusion and individual choice of disabled people
- To challenge the attitudes, and the physical and social barriers that create disability

The Objectives of the organisation are:

- To provide information, support and training to disabled people to enable them to set up their own independent living packages
- To provide a payroll service for disabled people who employ their own support staff
- To provide an accurate, up to date and accessible disability information service

#### **Review of the year - strategy**

Independent Living remains at the heart of everything LCiL does. As such the overall aim of LCiL's Strategic Framework 2019-22 is to be recognised as a Centre of Excellence for Independent Living. Through achieving the three Outcomes of the Framework and reaching its Organisational Objectives LCiL is on the right path to achieve this.

#### **Outcome 1 – LCiL informs and influences policies and decisions impacting on disabled people, people with long term conditions and older people and their rights**

LCiL continues to be involved in significant national developments and is recognised in its field. Informed by the people it supports LCiL is able to influence locally and nationally, working with statutory organisations, the voluntary sector and some companies in the private sector. As the Scottish Government is embarking on the Reform of Adult Care Support, LCiL is able to contribute actively to a number of working groups, in co-ordination with other Disabled People's Organisations. During the period covered by this report, invited by a group of MSPs, the Chief Executive was able to provide information on the reality of Self Directed Support for disabled People on the ground, while also responding to the major Consultation on Adult Social Care launched by the Scottish Parliament. Similarly she provided information to the Care Inspectorate inspection re: Self Directed Support in East Lothian, while working closely with the local authority to address raising issues. In Midlothian LCiL also engaged very actively with local authority to review the SU's pathway and bring a better co-ordinated process between the two organisations.

The organisation is also actively sought by other voluntary organisations in ad hoc or ongoing policy developments. As such LCiL works with a number of organisations like the Edinburgh Voluntary Organisations Council (EVOG), In control Scotland, the social Care Alliance, Self Directed Support Scotland (SDSS), Inclusion Scotland, on a one to one basis or actively involved in their networks. During this period LCiL also developed a working relationship with White Space, a business specialised in communication, sharing knowledge and practice through the involvement of LCiL Champions.

## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **Outcome 2 – All LCiL services and projects are developed and delivered as opportunities to self-empower and be involved in the organisation**

Whether this is to provide a payroll service, support with recruiting a PA or managing staff, or to offer a workshop or peer support group, LCiL staff will ensure that supported people are at the centre of the process, and minimise any barriers of it. It is equally important, however, that during this process the supported person also knows that he/she is in control of it and that it may also be an opportunity for him/her to learn, grow skills, be more empowered and engage with LCiL in a different manner. Thanks to the Scottish Government Support in the Right Direction (SiRD) funding programme, LCiL is able to offer peer support and learning opportunities to any interested supported person.

In our 2020 service user satisfaction survey people said:

- 'It was an easily accessible service to me as I live locally. The service provided me with the guidance and support I needed, keeping me informed and keeping in touch throughout. Thank you'
- 'I have been using LCiL services for years and would not have had to confidence to employ my PAs without their help and support.'
- 'I've become more confident in asking to have needs met, more organised in what those needs are and better organised in asking for variations to current packages, to suit ongoing and changing needs'

92.75% of the people responding to the survey agreed or strongly agreed that 'Support from LCiL has helped improve my choices and given me more control in my life'.

LCiL's one stop shop approach also contributes to this outcome, whereby a service is able to refer a person to another service. In the survey 97.25% agreed or strongly agreed that 'It is important to me that LCiL remains a one-stop shop (provides all services as one organisation)'.

Very importantly LCiL has enabled individuals to complete the LCiL Champions training programme and celebrated their achievement with other voluntary and statutory organisations early in April 2019.

#### **Outcome 3 – All services and projects of LCiL support disabled people, people with long term conditions and older people so that they can achieve their personal outcome and the live they want to live**

In 2019-20:

- the Independent Living Team supported 716 people
- the payroll service supported 666 people – around 500 every month
- the Grapevine service (not including the Welfare Matters project) provided support and information to 349 people through 823 contacts and 2,742 queries
- the SDS Development Project offered peer support and information opportunities to a minimum of 161 people, either disabled or carer.

These outputs, achieved across the whole organisation, and often against difficult personal stories for service users, increasing financial constraints and a growing demand for the organisation, are all to support this outcome. In the 2020 service user satisfaction survey 90.5% people who responded agreed or strongly agreed with the statement 'As a result of support from LCiL I have been able to do other things that are important to me'. They also said:

- 'LCiL have been and are a fantastic service which has enabled myself to focus more on my daughter rather than the admin side of things, therefore reducing stress I don't need as a parent and employer. I'd really struggle without their support.'
- 'LCiL allows me to continue living independently and in my own home.'
- 'It gives me freedom to get on with my life and get help when I need help.'

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

### Review of the year by services

#### The Independent Living Service (ILS)

ILS is an information and support service for people considering setting up and managing their own independent living packages. The Independent Living Team offers one to one advice at whatever stage an individual has reached on their journey towards Independent Living. The support continues, as required, on an ongoing basis after the SDS options have been set up.

The type of Independent Living support LCiL provides covers a wide range of issues and assists disabled people to make informed choices about what Independent Living means for them. Some of the practical aspects of support include:

- identifying individual support needs
- looking at possible sources of funding for an individual care package
- writing job adverts, job descriptions, terms and conditions
- recruitment of Personal Assistants
- advising on managing staff, compliance with employment legislation
- liaising with local authority departments and other appropriate organisations
- adopting safe recruitment procedures
- assisting with set up and delivery of financial management support service
- identifying areas of wider need and referring to appropriate services within the organisation as appropriate, e.g. Grapevine, Peer Support groups

In 2019-2020 the ILS supported a total of 716 people (53 more than last year) on a one-to-one basis

Local authority	Number of supported service users	Number of new referrals
Midlothian	88	37
West Lothian	120	34
East Lothian	92	20
City of Edinburgh	416	151
	<b>716</b>	<b>242</b>

ILS worked with a number of organisations in different ways including EVOC, VOCAL Midlothian and VOCAL Edinburgh, Midlothian Council, East Lothian Council's SDS Project Team, Scottish Government, Disclosure Scotland, RNIB and SDSS.

### SDS Development Programme - Capacity building workshops and peer support groups

#### Workshops and Peer Support Groups

77 people were involved in at least one of the 31 parent and carer peer support group meetings and workshops (average of 5 people per session) during the year. We increased our workshop offerings to include Think Out Loud as well as a new workshop – Outcome and Support Planning.

84 Disabled people/people with long term conditions were involved in at least one of the 34 peer support and workshop sessions for disabled people and people with long term condition (average of 8 people per session). We created a brand new workshop to add to our suite of offerings – Outcome and Support Planning. This is a joint workshop with parent carers to help them prepare, creatively, for their support plans.

Support was also provided to a number of Disabled people through 12 PA Employer workshop and peer support sessions.

Many of the people who come to workshops or peer support groups are referred from or to other parts of LCiL, meaning that as an organisation we are able to give an even more person-centred response to people's needs.



# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

### The Champions Programme

Using funding from Scottish Government SDS Development programme (the project co-ordinator is the SDS programme co-ordinator), the new Champions training was completed in April 2019 with a large event to give those trainee Champions a real taste of delivering to a wide audience. This was well received by those in attendance – peers, staff of LCiL, our partners and Local Authority representatives.

Champions (11 'graduated' in April 2019 and 3 more in June 2020) have been busy all year inputting to SDS Programme, working with Napier University to support the 'Masters in Social Work' students. They have continued to be involved with City of Edinburgh Council's Home Care Inductions on a bi-monthly basis. Champions share their lived experience at all these events and were also involved in delivering a workshop at Self Directed Support Scotland's National Voice conference.

### The Payroll Service

LCiL offers a comprehensive, computerised payroll service for disabled personal assistant employers which also provides a link with the HMRC and operates as a helpline for disabled employers.

A total of 666 disabled people made use of the payroll service. Of these 666 service users (SUs) 209 of them also accessed the Financial Management Service. The following table gives a breakdown by Local Authority

Local authority	Total SUs	Pay-roll only SUs	FMS SUs (pay-roll)	Non pay-roll SUs	New pay-roll SUs	New FMS SUs	Cea sed pay-roll	Cea sed FMS	No of PAs (at one point in year)
Midlothian	101	79	20	2	19	1	8	1	174
West Lothian	141	93	47	1	14	1	9	4	223
East Lothian	96	68	27	1	14	1	2	4	160
City of Edinburgh	328	217	87	24	28	9	14	3	592
Total	666	457	181	28	75	12	33	12	1,149

### Disability Information and Advice Service - Grapevine

The LCiL Grapevine Information and Advice service had a strong year with extra resource and capacity from the Welfare Matters Project. During the year the service:

- supported 349 people in Edinburgh through 823 contacts and 2,742 enquiries.
- carried out 112 face to face interviews (3-4 hours per interview)
- made 130 referrals to other organisations.

We know of 32 successful claims totalling £162,678, equivalent to an average of £5,083 per claim.

The Welfare Matters Project, focusing on universal Credit, Employment Support Allowance (ESA), Personal Independence payment (PIP) appeals and benefit checks, provided extra resource and capacity to enable Grapevine to:

- support an extra 68 people through 114 contacts responding to 289 enquiries
- enable an extra 8 people to be successful with their benefit claim, gaining collectively an extra £69,314.80 or £8,664 per person per year.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

### Disability Equality Training (DET)

Disability Equality Training (DET) has been developed by disabled people to address the experience of disability and its impact. The aim of DET is to enable people to understand the effects of disability, identify changes in work practices and plan strategies to implement change, through the use of relevant discussion and activities. During this period LCiL delivered 4 Disability Equality Training days for a number of Scottish organisations.

### FINANCIAL REVIEW

Against the background of no increased core funding, ongoing complex demand for services and rising overhead costs, the funding for 2½ years (October 2018 to March 2021) from the Scottish Government to implement a programme of work to ensure that LCiL is fit for purpose in relation to SDS is temporarily alleviating LCiL's struggle to develop and deliver safe and effective services. LCiL's Directors continue their sound financial control while the management team continues to operate stringent and transparent accounting practices in an increasingly competitive voluntary sector.

At 31 March 2020 the charity's net assets were £255,566 (2019 £311,357) comprising an accumulated surplus on unrestricted funds of £254,705 (2019 £308,618) and an accumulated surplus on restricted funds of £861 (2019 £2,739). The financial statements have been prepared on the going concern basis. The directors consider that this is appropriate as the charity meets its day to day working capital requirements as they fall due and expects to be able to continue to do so.

### Principal Funding Sources in 2019/20

The City of Edinburgh Council remains the most significant funder for LCiL's core services (i.e. Independent Living and the Grapevine – Disability Information Service). East, West and Midlothian Councils have awarded 1 year funding again to the Independent Living Service.

In Edinburgh the Independent Living Service and Grapevine were funded by the contract awarded by City of Edinburgh Council as the result of a successful tender in 2016. Existing and new payroll service users are required to purchase their payroll service directly from a payroll provider of their choice under a new framework. Current LCiL Payroll service users who haven't yet had a review are funded at LCiL rate to purchase the service, whereas new service users are funded at the rate of the cheapest payroll provider on the framework, unless social workers are allowed to agree otherwise. East Lothian, Midlothian and West Lothian councils provided full funding to DP recipients who then purchased payroll support directly from LCiL.

### Restricted Funds

Restricted funds comprise:

- ◆ Right Direction 2 – funding from The Scottish Government for the second Phase of Support in the Right Direction (SiRD), a two-and-a-half-year programme which started in October 2018 to provide training, development and peer support for disabled people, people with long-term conditions and parents and carers.
- ◆ COPD – continued funding from NHS Lothian and match funding from The Stafford Trust, The Maple Trust and Souter Charitable Trust to continue to provide home visits to isolated individuals with chronic obstructive pulmonary disease.
- ◆ Welfare Matters – funding from City of Edinburgh Council on behalf of Edinburgh Integrated Joint Board and Agnes Hunter Trust to deliver comprehensive benefit checks, including Universal Credit claims, and follow-up support to physically disabled people.
- ◆ Self-Management – funding from NHS Lothian to provide services to individuals with long term conditions.
- ◆ The Stafford Trust (Grapevine) – restricted funding originally awarded to deliver COPD services (see above) but later agreed with the funder to spend the balance of 'excess' COPD restricted income on the Grapevine Service.

## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

### **REPORT OF THE DIRECTORS (CONTINUED)**

In addition to the restricted or unrestricted grant funding listed at note 3 of the financial statements the following donation income or closing deferred income at 31 March 2020 is gratefully acknowledged: The Margaret Murdoch Charitable Trust £1,000; Cruden Foundation Ltd £750; The W M Mann Foundation £1,000; Queensberry House Trust £6,000 (deferred); The Miss Eliza Cochrane Pedersen's Charitable Trust £500; The Souter Charitable Trust £2,000 (deferred); Allan Dickson £200; and Rotary Club of Edinburgh £1,000 (deferred)

Applications continue to be prepared and targeted at other key funders and smaller trusts to supplement the core services and develop new services in response to an identified need. However as previously mentioned it is very clear that raising funds is becoming increasingly difficult and the time spent doing it brings fewer rewards as a result of shrinking resources and increased competition.

The Directors and senior management continue to prepare for further changes in service procurement and commissioning which may change the way in which LCiL negotiates its funding from the public sector.

#### **Reserves Policy**

The Directors aim at securing financial reserves, although these should not normally exceed 3 months of staff salaries. In recent years the charity's reserves have exceeded this target as a consequence of allowance for an uncertain contingent liability arising from a dispute with H M Revenue & Customs described at note 12 of the financial statements. Clearly the on-going and future financial insecurity means that LCiL is even more stringent in monitoring its spending, ensures full cost recovery basis is applied to all future funding applications, SLAs etc., and endeavours wherever possible to maximise earned income opportunities in an effort to rebuild its unrestricted reserves.

#### **PLANS FOR THE FUTURE**

With secured funding from the Scottish Government, LCiL will continue to implement its SDS Development Programme for another year. Core service activities outlined above will also continue to be delivered subject to sufficient funding. The organisation shall continue to look at methods of providing sustainable funding for all its services and progress the social enterprise methodology with a view to ultimately delivering services which members and service users themselves identify a need for, rather than those judged necessary/suitable by funders.

The fundamental aim of the organisation is to continue to provide the services which our changing membership requires to enable them to live independently in the community of their choice.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 company and of the company's incoming resources and application of resources, including income and expenditure, for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of financial information included on the company's website.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

### DIRECTORS

The directors are the charity's trustees for the purpose of charity law. The directors of the company during the year were as follows:

Jeff Adamson	Convenor
Liz Pearston	Treasurer
Louise Doctor	
John Ballantine	
David Brown	
Elizabeth Adamson	
Dugald McArthur	
Balkishan Agrawal	

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### TANGIBLE FIXED ASSETS

Additions to tangible fixed assets during the year ended 31 March 2020 are disclosed in note 6 to the financial statements. All are employed for direct charitable purposes.

### DIRECTORS' INSURANCE

Professional indemnity insurance held by the company, which includes cover for directors, was in force during the year ended 31 March 2020 and is in force now.

### BASIS OF PREPARATION

This report has been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 and in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

### ON BEHALF OF THE BOARD:

*EL Pearston*

E L PEARSTON, DIRECTOR

*15 February 2021*

## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

### **INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS (AS TRUSTEES) AND MEMBERS OF LOTHIAN CENTRE FOR INCLUSIVE LIVING**

#### **Opinion**

We have audited the financial statements of Lothian Centre for Inclusive Living (the 'charitable company') for the year ended 31 March 2020 which comprise a Statement of Financial Activities, Balance Sheet, 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 2020 and of 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **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 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**

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 trustees (who are also the directors of the company for the purposes of company law) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable 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 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.

## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

### **INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS (AS TRUSTEES) AND MEMBERS OF LOTHIAN CENTRE FOR INCLUSIVE LIVING (CONTINUED)**

#### **Opinion 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 directors' report, prepared for the purposes of company law and included within the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, included within 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, included within the trustees' annual report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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 trustees 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, included within the trustee' annual report, and from the requirements to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 11, 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 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 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**

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.

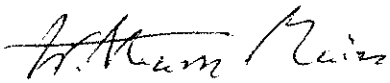
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## LOTHIAN CENTRE FOR INCLUSIVE LIVING

### INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS (AS TRUSTEES) AND MEMBERS OF LOTHIAN CENTRE FOR INCLUSIVE LIVING (CONTINUED)

#### Use of our report

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



William Main CA (Senior Statutory Auditor)  
for and on behalf of Brown, Scott & Main, Statutory Auditor

Brown, Scott & Main is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

91 West Savile Terrace  
Edinburgh

12th February 2021

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted funds £	Restricted funds £	2020 Total £	Unrestricted funds £	Restricted funds £	2019 Total £
<b>Income from:</b>							
<b>Donations and legacies</b>							
Donations		<u>4,492</u>	-	<u>4,492</u>	<u>2,369</u>	-	<u>2,369</u>
<b>Income from investments</b>							
Bank interest		<u>986</u>	-	<u>986</u>	<u>861</u>	-	<u>861</u>
<b>Income from charitable activities</b>							
Grants	3	2,000	201,853	203,853	8,800	186,829	195,629
Service level agreements	3	331,871	24,855	356,726	324,091	8,989	333,080
Payroll and financial management fees		217,151	-	217,151	223,144	-	223,144
Consultancy fees and other income		<u>3,696</u>	-	<u>3,696</u>	<u>7,614</u>	-	<u>7,614</u>
		<u>554,718</u>	<u>226,708</u>	<u>781,426</u>	<u>563,649</u>	<u>195,818</u>	<u>759,467</u>
<b>Total income</b>		<u>560,196</u>	<u>226,708</u>	<u>786,904</u>	<u>566,879</u>	<u>195,818</u>	<u>762,697</u>
<b>Expenditure on:</b>							
Raising funds		12,131	-	12,131	9,544	-	9,544
Charitable activities		<u>601,978</u>	<u>228,586</u>	<u>830,564</u>	<u>619,903</u>	<u>207,629</u>	<u>827,532</u>
<b>Total expenditure</b>	5	<u>614,109</u>	<u>228,586</u>	<u>842,695</u>	<u>629,447</u>	<u>207,629</u>	<u>837,076</u>
<b>Net (expenditure)</b>		(53,913)	(1,878)	(55,791)	(62,568)	(11,811)	(74,379)
<b>Transfers between funds</b>		-	-	-	2,770	(2,770)	-
<b>Net movement in funds</b>		(53,913)	(1,878)	(55,791)	(59,798)	(14,581)	(74,379)
<b>Reconciliation of funds:</b>							
Total funds brought forward	9	<u>308,618</u>	<u>2,739</u>	<u>311,357</u>	<u>368,416</u>	<u>17,320</u>	<u>385,736</u>
<b>Total funds carried forward</b>	9	<u><b>£254,705</b></u>	<u><b>£861</b></u>	<u><b>£255,566</b></u>	<u><b>£308,618</b></u>	<u><b>£2,739</b></u>	<u><b>£311,357</b></u>

The statement of financial activities incorporates the income and expenditure account.

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

The notes on pages 18 to 28 form part of these financial statements



**LOTHIAN CENTRE FOR INCLUSIVE LIVING**

**BALANCE SHEET AS AT 31 MARCH 2020**

**Company number SC129392**

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		£	£
<b>Fixed assets</b>			
Tangible assets	6	<u>1,955</u>	<u>1,522</u>
<b>Current assets</b>			
Debtors	7	70,108	85,070
Cash at bank and in hand		<u>244,535</u>	<u>287,241</u>
		<u>314,643</u>	<u>372,311</u>
<b>Liabilities</b>			
Creditors falling due within one year	8	<u>61,032</u>	<u>62,476</u>
<b>Net current assets</b>		<u>253,611</u>	<u>309,835</u>
<b>Total assets less current liabilities</b>		255,566	311,357
Creditors falling due after one year		-	-
<b>Net assets</b>		<u><b>£255,566</b></u>	<u><b>£311,357</b></u>
<b>Funds of the charity:</b>			
Unrestricted income funds	9	254,705	308,618
Restricted income funds	9	<u>861</u>	<u>2,739</u>
		<u><b>£255,566</b></u>	<u><b>£311,357</b></u>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements on pages 15 to 28 were approved by the Board of Directors on 15 February 2021 and signed on its behalf by:

*E L PEARSTON*

**E L PEARSTON  
DIRECTOR**

*Elizabeth Adamson*

**E. ADAMSON  
DIRECTOR**

The notes on pages 18 to 28 form part of these financial statements

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		£	£
<b>Cash flows from operating activities:</b>			
Net cash (utilised)/ provided by operating activities	17	(40,670)	(92,387)
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(2,036)	(570)
<b>Cash flows from financing activities:</b>			
Repayment of borrowing		-	-
<b>Change in cash and cash equivalents in the reporting period</b>		(42,706)	(92,957)
Cash and cash equivalents at the beginning of the reporting period		<u>287,241</u>	<u>380,198</u>
Cash and cash equivalents at the end of the reporting period	16	<u><b>£244,535</b></u>	<u><b>£287,241</b></u>

The notes on pages 18 to 28 form part of these financial statements

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 1. ACCOUNTING POLICIES

#### ACCOUNTING CONVENTION

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

#### INCOME

Grant, service level agreement and donation income is recognised when all of the following criteria are met: the charity has entitlement to the funds; any performance conditions attached to the income have been met or are fully within the control of the charity; there is sufficient clarity that receipt of the income is considered probable; and the amount can be measured reliably. Income received in advance of all these criteria being met is deferred until the criteria for income recognition are met.

Payroll and financial management fee income is recognised when the income has been earned on completion of each periodic service to the client.

Interest on funds held on deposit is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest received or receivable from the charity's bank.

All income is derived from activities within the UK. Sources of significant grants and service level agreement income are shown at note 3. The value of services provided by volunteers has not been quantified or included in these accounts.

#### FUND ACCOUNTING

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Restricted funds are funds which the donor or funder has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity. Further information about specific restricted funds is provided at page 9 of the Report of the Directors. The charity had six restricted funds during the year: Right Direction 2, COPD (NHS Lothian), COPD (Other funders), Welfare Matters, Self-Management Support and The Stafford Trust (Grapevine).

#### EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable settlement will be required and the amount of the obligation can be measured reliably. Expenditure includes VAT which cannot be recovered. Expenditure is classified under the following headings:

Raising funds comprise the costs associated with promoting the services provided by the charity to existing and prospective donors and funders.

Charitable activities comprise the costs incurred by the charity to deliver services to its service users. It includes directly allocated costs that are incurred in the delivery of the charity's services and support costs which include staff, premises, administration and finance costs incurred to enable the charity's operations and service delivery to continue. Support costs are allocated to the charity's activity areas using the basis considered most appropriate e.g. staff time, floor area or estimated usage. Further information about principal support costs and the bases on which support costs have been allocated is provided at note 5.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 1. ACCOUNTING POLICIES (Continued)

#### OPERATING LEASES

Rentals payable under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

#### TANGIBLE FIXED ASSETS

Tangible fixed assets costing £100 or more are capitalised at cost. Depreciation is charged to write off the cost less residual value of each asset over its estimated useful life. The rate of depreciation applied to office equipment, furniture and fittings is 25% per annum on a straight-line basis.

#### FINANCIAL INSTRUMENTS

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the amounts presented in the financial statements, only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Basic Financial Assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market value rate of interest. Financial assets classified as receivable within one year are not amortised.

Cash at bank and in hand includes cash and short term highly liquid bank accounts with a short maturity of three months or less.

#### Basic Financial Liabilities

Basic financial liabilities, which include creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

#### PENSION

The company makes contributions into a defined contribution group personal pension plan for employees. The assets of the scheme are held separately from those of the company in independently administered funds.

#### TAXATION

The company is registered as a Scottish charity and is exempt from corporation tax under Section 475 et seq of CTA 2010. The company is not registered for VAT and expenditure includes VAT where appropriate.

#### GOING CONCERN

The financial statements are prepared on the going concern basis. The directors consider the going concern basis is appropriate as since the year end the charity has received or they expect it will receive sufficient income from donors and other funders to enable it to continue to provide services for the foreseeable future and to meet its day to day working capital and capital commitments as they fall due. The directors have also considered the consequences of various outcomes of the VAT dispute with HMRC and are satisfied the going concern basis remains appropriate.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 2. NET INCOMING RESOURCES FROM ORDINARY ACTIVITIES

	2020	2019
	£	£
Net incoming resources from ordinary activities is stated after charging:		
Depreciation	1,603	5,472
Operating lease charges – land and buildings	44,678	35,765
Operating lease charges – office equipment	5,382	5,382
Auditors' remuneration for audit services	5,100	5,000
Auditors' remuneration for non-audit services	<u>2,010</u>	<u>5,810</u>

### 3. GRANT AND SERVICE LEVEL AGREEMENT INCOME

	2020	2020	2020	2019	2019	2019
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
<b>Government grants</b>						
City of Edinburgh Council on behalf of Edinburgh Integrated Joint Board	-	23,151	23,151	-	-	-
Scottish Government	-	<u>158,515</u>	<u>158,515</u>	-	<u>168,039</u>	<u>168,039</u>
	-	<u>181,666</u>	<u>181,666</u>	-	<u>168,039</u>	<u>168,039</u>
<b>Other grants</b>						
Agnes Hunter Trust	-	10,187	10,187	-	-	-
The Stafford Trust	-	3,000	3,000	-	-	-
The Maple Trust	-	4,000	4,000	-	-	-
The Souter Charitable Trust	-	3,000	3,000	-	-	-
Saints and Sinners Club of Scotland	1,000	-	1,000	1,000	-	1,000
Ward Family Charitable Trust	1,000	-	1,000	-	-	-
EVOC Change Fund	-	-	-	-	11,660	11,660
Queensberry House	-	-	-	-	6,130	6,130
SCVO	-	-	-	-	1,000	1,000
The Broughton Charitable Trust	-	-	-	800	-	800
The Kuenssberg Charitable Foundation	-	-	-	500	-	500
The Hugh Fraser Foundation	-	-	-	1,000	-	1,000
The JTH Charitable Trust	-	-	-	500	-	500
The Nimar Charitable Trust	-	-	-	2,000	-	2,000
Miss I F Harvey's Charitable Trust	-	-	-	1,000	-	1,000
The James Sim Trust	-	-	-	1,000	-	1,000
J K Young Endowment Foundation	-	-	-	<u>1,000</u>	-	<u>1,000</u>
	<u>2,000</u>	<u>20,187</u>	<u>22,187</u>	<u>8,800</u>	<u>18,790</u>	<u>27,590</u>
<b>Total grants</b>	<b><u>£2,000</u></b>	<b><u>£201,853</u></b>	<b><u>£203,853</u></b>	<b><u>£8,800</u></b>	<b><u>£186,829</u></b>	<b><u>£195,629</u></b>
<b>Service level agreements</b>						
City of Edinburgh Council	239,441	-	239,441	234,000	-	234,000
West Lothian Council	38,452	-	38,452	36,192	-	36,192
East Lothian Council	32,076	-	32,076	32,076	-	32,076
Midlothian Council	21,902	-	21,902	21,823	-	21,823
NHS Lothian Self-Management	-	15,856	15,856	-	-	-
NHS Lothian COPD	-	8,999	8,999	-	8,989	8,989
	<u>£331,871</u>	<u>£24,855</u>	<u>£356,726</u>	<u>£324,091</u>	<u>£8,989</u>	<u>£333,080</u>

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Details of staff costs are as follows:		
Gross salaries	531,032	528,940
Employer's national insurance	40,097	41,645
Defined contribution pension scheme cost	<u>33,883</u>	<u>30,735</u>
	<b><u>£605,012</u></b>	<b><u>£601,320</u></b>

No remuneration was paid to directors during the year (2019 nil).

No individual employee received emoluments of more than £60,000. The average number of employees during the year was as follows:

	Number	Number
Management	3	3
Staff for managed projects	21	21
Administration	<u>1</u>	<u>1</u>
	<u>25</u>	<u>25</u>

During the year the company paid travel expenses totalling £48 (2019 £45) on behalf of one (2019 one) director.

Employee and employer contributions totalling £4,410 (2019 £3,152) were payable to the defined contribution scheme at the year-end.

Key management personnel comprises the Chief Executive, Accounts Coordinator and HR & Office Coordinator. During the year key management received employee benefits totalling £81,190 (2019 £77,100).

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 5. TOTAL EXPENDITURE

	RF		ILS		PAY		GV		RD		COPD		WM		SMS		2020		
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
<b>Costs directly allocated to activities</b>																			
Staff and temporary staff	12,131	146,249	181,944	39,581	92,038	14,329	20,453	10,387	517,112										
Recruitment	-	1,630	15,947	1,264	496	-	282	1,258	20,877										
Service delivery costs	-	7,162	194	90	43,931	269	1,194	625	53,465										
Payroll and financial management service bad debts			56	-	-	-	-	-	56										
	<u>12,131</u>	<u>155,041</u>	<u>198,141</u>	<u>40,935</u>	<u>136,465</u>	<u>14,598</u>	<u>21,929</u>	<u>12,270</u>	<u>591,510</u>										
<b>Support costs allocated to activities [basis of allocation]</b>																			
Staff costs [staff time]	-	59,758	33,051	34,809	-	-	-	-	127,618										
Premises costs [floor area; per capita]	-	15,853	16,225	6,071	5,946	863	1,358	1,199	47,515										
Office and administration [usage; per capita]	-	18,070	28,760	5,900	6,355	883	5,523	1,625	67,116										
Bank charges [usage; per capita]	-	90	101	32	-	-	-	-	223										
Audit fee [usage; per capita]	-	2,887	3,205	1,018	-	-	-	-	7,110										
Contribution (from)/ to projects and core activities	-	(7,207)	(8,003)	(3,361)	11,795	1,638	3,877	1,261	-										
Depreciation [usage; per capita]	-	651	723	229	-	-	-	-	1,603										
		<u>90,102</u>	<u>74,062</u>	<u>44,698</u>	<u>24,096</u>	<u>3,384</u>	<u>10,758</u>	<u>4,085</u>	<u>251,185</u>										
	<u>12,131</u>	<u>245,143</u>	<u>272,203</u>	<u>85,633</u>	<u>160,561</u>	<u>17,982</u>	<u>32,687</u>	<u>16,355</u>	<u>842,695</u>										

Amounts classified above as staff costs include employment costs of £605,012 as disclosed at note 4 and also staff travel and training costs.

Abbreviations used in the table of total expenditure are as follows:

RF	Costs of raising funds	ILS	Independent Living Services	PAY	Payroll and FMS
GV	Grapevine	RD	Right Direction 2	COPD	(NHS Lothian and other funders)
WM	Welfare Matters	SMS	Self-Management Support		

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 5. TOTAL EXPENDITURE (continued)

	<		EXPENDITURE ON CHARITABLE ACTIVITIES										>	
	RF	ILS	PAY	GV	TR	SGMV	SGRD	CH	NHS	SCVO	GW	2019	£	£
<b>Costs directly allocated to activities</b>														
Staff and temporary staff	9,544	153,202	201,024	57,174	17,372	-	73,906	-	13,160	1,000	-	526,382		
Recruitment	-	1,397	10,604	1,121	745	-	5,658	-	-	-	-	19,525		
Service delivery costs	-	3,939	443	1,583	246	2,820	22,808	-	190	-	10,000	42,029		
Payroll and financial management service bad debts	-	-	1,560	-	-	-	-	-	-	-	-	1,560		
	<u>9,544</u>	<u>158,538</u>	<u>213,631</u>	<u>59,878</u>	<u>18,363</u>	<u>2,820</u>	<u>102,372</u>	<u>-</u>	<u>13,350</u>	<u>1,000</u>	<u>-</u>	<u>589,496</u>		
<b>Support costs allocated to activities [basis of allocation]</b>														
Staff costs [staff time]	-	53,542	30,875	31,740	-	-	-	-	-	-	-	116,157		
Premises costs [floor area; per capita]	-	11,993	13,252	4,246	1,666	-	10,431	-	667	-	-	42,255		
Office and administration [usage; per capita]	-	18,460	33,350	9,871	836	-	9,852	-	490	-	-	72,859		
Bank charges [usage; per capita]	-	6	19	2	-	-	-	-	-	-	-	27		
Audit fee [usage; per capita]	-	4,111	4,907	1,792	-	-	-	-	-	-	-	10,810		
Contribution (from)/ to projects and core activities	-	(19,180)	(11,982)	(16,985)	-	-	34,993	11,660	1,494	-	-	-		
Depreciation [usage; per capita]	-	2,081	2,484	907	-	-	-	-	-	-	-	5,472		
	<u>-</u>	<u>71,013</u>	<u>72,905</u>	<u>31,573</u>	<u>2,502</u>	<u>-</u>	<u>55,276</u>	<u>11,660</u>	<u>2,651</u>	<u>-</u>	<u>-</u>	<u>247,580</u>		
	<u>9,544</u>	<u>229,551</u>	<u>286,536</u>	<u>91,451</u>	<u>20,865</u>	<u>2,820</u>	<u>157,648</u>	<u>11,660</u>	<u>16,001</u>	<u>1,000</u>	<u>10,000</u>	<u>837,076</u>		

Amounts classified above as staff costs include employment costs of £601,320 as disclosed at note 4 and also staff travel and training costs.

Abbreviations used in the table of total expenditure are as follows:

RF	Costs of raising funds	ILS	Independent Living Services	PAY	Payroll and FMS
GV	Grapevine	SGMV	Scottish Government Movie	SGRD	Scottish Government Right Direction
TR	Training	CH	EVOC Change	NHS	NHS COPD
SCVO	SCVO Cyber Accreditation	GW	Garfield Weston Impact Report		



# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 6. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment £	Total £
COST		
At 1 April 2019	69,339	69,339
Additions	2,036	2,036
Disposals	(-)	(-)
At 31 March 2020	<u>71,375</u>	<u>71,375</u>
DEPRECIATION		
At 1 April 2019	67,817	67,817
Charge for year	1,603	1,603
Disposals	(-)	(-)
At 31 March 2020	<u>69,420</u>	<u>69,420</u>
NET BOOK VALUE		
At 31 March 2020	<u><b>£1,955</b></u>	<u><b>£1,955</b></u>
At 31 March 2019	<u><b>£1,522</b></u>	<u><b>£1,522</b></u>

Tangible fixed assets comprise equipment, furniture and fittings and all are used for management and in support of direct charitable activities.

### 7. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Payroll and financial management service debtors	13,960	25,822
Accrued income	43,375	26,639
Prepayments	12,773	14,251
Other debtors	-	18,358
	<u><b>£70,108</b></u>	<u><b>£85,070</b></u>

### 8. CREDITORS AND ACCRUED CHARGES

Amounts falling due within one year:		
Payroll taxes	10,981	12,671
Accruals	21,755	18,266
Deferred income	24,925	29,186
Other creditors	3,371	2,353
	<u><b>£61,032</b></u>	<u><b>£62,476</b></u>

Movement in deferred income comprises:

Deferred income brought forward	29,186	6,130
Deferred income brought forward defrayed in year	(21,261)	(6,130)
Income received in year or receivable at year-end and deferred due to time restrictions on defrayment	<u>17,000</u>	<u>29,186</u>
	<u><b>£24,925</b></u>	<u><b>£29,186</b></u>

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 9. MOVEMENT ON FUNDS

	At 01/04/19 £	Income £	Expenditure £	Net movement £	Transfers £	At 31/03/20 £
<b>Restricted Funds:</b>						
Right Direction 2 (Scottish Gov.)	2,096	158,515	(160,561)	(2,046)	-	50
COPD (NHS Lothian)	643	8,999	(8,991)	8	-	651
COPD (Other funders)	-	8,999	(8,991)	8	-	8
Welfare Matters (Various funders)	-	33,338	(32,687)	651	-	651
Self-Management Support (NHS Lothian)	-	15,856	(16,355)	(499)	-	(499)
Grapevine (The Stafford Trust)	-	1,001	(1,001)	-	-	-
<b>Total restricted</b>	<u>2,739</u>	<u>226,708</u>	<u>(228,586)</u>	<u>(1,878)</u>	-	<u>861</u>
<b>Unrestricted Funds:</b>						
Undesignated funds						
General fund	308,618	560,196	(614,109)	(53,913)	-	254,705
<b>Total undesignated</b>	<u>308,618</u>	<u>560,196</u>	<u>(614,109)</u>	<u>(53,913)</u>	-	<u>254,705</u>
<b>Total unrestricted</b>	<u>308,618</u>	<u>560,196</u>	<u>(614,109)</u>	<u>(53,913)</u>	-	<u>254,705</u>
<b>TOTAL FUNDS</b>	<u><b>£311,357</b></u>	<u><b>£786,904</b></u>	<u><b>£(842,695)</b></u>	<u><b>£(55,791)</b></u>	<u><b>£-</b></u>	<u><b>£255,566</b></u>

Further information on the purpose of each restricted fund is provided at page 9 of the report of the directors.

Other funders of COPD comprise The Stafford Trust, The Maple Trust and Souter Charitable Trust.

Funders of Welfare Matters comprise City of Edinburgh Council on behalf of Edinburgh Integrated Joint Board and Agnes Hunter Trust.

The deficit of £499 on the Self-Management Support restricted fund at 31 March 2020 has been reported to the funder, NHS Lothian. It has been agreed this deficit will be resolved by reducing expenditure in the next period.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 9. MOVEMENT ON FUNDS (continued)

	At 01/04/18 £	Income £	Expenditure £	Net movement £	Transfers £	At 31/03/19 £
<b>Restricted Funds:</b>						
Scottish Govt. Right Direction	4,725	81,724	(81,312)	412	(5,137)	-
Scottish Govt. Right Direction 2	-	74,995	(76,336)	(1,341)	3,437	2,096
Scottish Govt. Innovation (Training)	-	8,500	(8,500)	-	-	-
Scottish Govt. Movie Fund	-	2,820	(2,820)	-	-	-
Garfield Weston	10,000	-	(10,000)	(10,000)	-	-
EVOC Change Fund	-	11,660	(11,660)	-	-	-
Castansa Trust (Grapevine)	943	-	-	-	(943)	-
Agnes Hunter Trust (Grapevine)	127	-	-	-	(127)	-
NHS (COPD)	1,525	8,989	(8,926)	63	(945)	643
Queensberry House Trust	-	6,130	(7,075)	(945)	945	-
SCVO Cyber Essentials	-	1,000	(1,000)	-	-	-
Total restricted	<u>17,320</u>	<u>195,818</u>	<u>(207,629)</u>	<u>(11,811)</u>	<u>(2,770)</u>	<u>2,739</u>
<b>Unrestricted Funds:</b>						
Undesignated funds						
General fund	368,416	566,879	(629,447)	(62,568)	2,770	308,618
Total undesignated	<u>368,416</u>	<u>566,879</u>	<u>(629,447)</u>	<u>(62,568)</u>	<u>2,770</u>	<u>308,618</u>
Total unrestricted	<u>368,416</u>	<u>566,879</u>	<u>(629,447)</u>	<u>(62,568)</u>	<u>2,770</u>	<u>308,618</u>
<b>TOTAL FUNDS</b>	<b><u>£385,736</u></b>	<b><u>£762,697</u></b>	<b><u>£(837,076)</u></b>	<b><u>£(74,379)</u></b>	<b><u>£-</u></b>	<b><u>£311,357</u></b>

Further information on the purpose of each restricted fund is provided at page 10 of the report of the directors for the year ended 31 March 2019.

### 10. LEASE AGREEMENTS

Minimum lease payments under operating leases fall due as follows:

	2020 Land and buildings £	2020 Office equipment £	2019 Land and buildings £	2019 Office equipment £
Within one year	21,029	5,382	16,695	5,382
Between one and five years	-	8,073	-	13,455
After five years	-	-	-	-
	<u>£21,029</u>	<u>£13,455</u>	<u>£16,695</u>	<u>£18,837</u>

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Assets and liabilities are analysed between the charity's funds as follows:

	Unrestricted funds £	Restricted funds £	2020 Total £	Unrestricted funds £	Restricted funds £	2019 Total £
Fixed assets	1,955	-	1,955	1,522	-	1,522
Net current assets	<u>252,750</u>	<u>861</u>	<u>253,611</u>	<u>307,096</u>	<u>2,739</u>	<u>309,835</u>
	<b><u>£254,705</u></b>	<b><u>£861</u></b>	<b><u>£255,566</u></b>	<b><u>£308,618</u></b>	<b><u>£2,739</u></b>	<b><u>£311,357</u></b>

### 12. CONTINGENT LIABILITY

The company currently remains in dispute with HM Revenue and Customs (HMRC) as to the VAT treatment of payroll and financial management services it provides to users in receipt of self-directed support. Its appeal to the First Tier Tribunal has been on hold since 2016 pending the outcome of a similar case in England.

During the year the charity in the English case were informed that they had been successful in their VAT appeal at First Tier Tribunal. However, following HMRC's appeal against this decision, they withdrew from proceedings in February 2020.

The directors continue to take professional advice in relation to the company's case and discussions with HMRC are ongoing.

The directors are of the opinion this contingent liability cannot be reliably quantified at present due to uncertainty.

### 13. ENTITY INFORMATION

Lothian Centre for Inclusive Living meets the definition of a public benefit entity under FRS 102. Lothian Centre for Inclusive Living is a private company, limited by guarantee, without a share capital and registered in Scotland. In the event of the company being wound up the liability of each member is restricted to £1. The company's registered number and registered office can be found on the company information page at page 2 of these accounts.

### 14. CONTROLLING PARTY

The company is limited by guarantee and is a charitable membership organisation. The directors do not consider the company to be controlled by any individual party.

### 15. CUSTODIAN ASSETS

During the year Lothian Centre for Inclusive Living continued to provide financial management services to individuals who require assistance managing their self-directed support budget. A separate client bank account is operated for each of these individuals. The charity's trustees are satisfied the provision of this service accords with the charity's objects. The charity's bank has confirmed that should the charity become insolvent it would not offset balances held in these client accounts against the charity's liabilities.

At 31 March 2020 these client account balances totalled £1,494,434 (2019 £1,302,740). Those client balances and the transactions on each client bank account during the year have not been included in these financial statements. Income from financial management services provided during the year ended 31 March 2020 is included in these financial statements within income from charitable activities.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

### 16. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	<u>£244,535</u>	<u>£287,241</u>

### 17. CASH FLOWS FROM OPERATING ACTIVITIES

	2020	2019
	£	£
Net (expenditure) for the year	(55,791)	(74,379)
Depreciation	1,603	5,472
Decrease/ (increase) in debtors	22,962	(26,600)
(Decrease)/ increase in creditors	(9,444)	3,120
	<u>£(40,670)</u>	<u>£(92,387)</u>

### 18. RELATED PARTY TRANSACTIONS

There have been no related party transactions during the year (2019 none).