

Company number SC129392  
Charity number SC017954

**LOTHIAN CENTRE FOR INCLUSIVE LIVING**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2021**

**BROWN, SCOTT & MAIN**

Chartered Accountants and Statutory Auditor

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **COMPANY INFORMATION**

### **CONVENOR**

Jeff Adamson

### **OTHER DIRECTORS**

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

### **CHIEF EXECUTIVE**

Lyn Pornaro

### **FORMER CHIEF EXECUTIVE**

Florence Garabedian (throughout the year ended 31 March 2021)

### **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 2021 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)

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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 continues to add an increased level of uncertainty regarding funding. It also continues to impact service delivery and could impact 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 user's feedback on services received. However, the third round of the Support in the Right Direction (SiRD) Programme, funding from the Scottish Government, provides a great opportunity to strengthen the resources for capacity building and peer support activities in the organisation.

○ The dispute with HM Revenue and Customs (HMRC) regarding the VAT treatment of payroll services is a major ongoing risk which is closely monitored by the Chief Executive and Directors. LCIl still contends that income should be exempt for VAT purposes and has engaged pro bono services of Counsel through the Faculty of Advocates to proceed with its Appeal. The potential impact on the company's financial position is reviewed on an ongoing basis at each Trustees' meeting and where possible Reserves have been built up to provide for this uncertain contingent liability.

In addition the Chief Executive is in regular contact with other payroll providers to keep up to date with the status of their disputes, and with the relevant Local Authorities to discuss implications for them and their Service Users.

All of 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 at the beginning of the pandemic, whereby a limited number of individuals were allowed in the office only to ensure critical functions were met.

# 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

2020-21 has been a year like no other due to the Covid-19 pandemic. As early as the second half of March 2020, the majority of staff were working from home, with a very small number working from the office to support them and ensure that those service users not digitally connected, and communicating information to us by post, could still be supported adequately.

Rapidly, services and projects changed their delivery model by moving all former physical interactions to screen or over the phone. Some services adapted quicker than others but by the end of July 2020 all services had their new processes and procedures in place to operate within a very different environment. The organisation undertook a working at home risk assessment for each member of staff. As a result, LCIl purchased a number of items/equipment supporting homeworking and developed a number of policies with the same aim.

The organisation played a very important role in relaying information from local authorities to service users, PA employers in particular, and vice-versa. As the negative impacts of the lockdown on this specific group were not necessarily understood by local and national authorities, LCIl was crucial in highlighting the emerging issues, communicating advice and guidance and working closely with local authorities in enabling PAs to continue to work for their employer when they could. In April and May 2020, the entire organisation's workload increased tremendously. Similarly, January and February 2021 saw a large increase in communication between local authorities, LCIl and users in relation to testing and vaccination programmes. Meanwhile, throughout the year, the impact of HMRC's own adaptations to the situation brought a whole new level of complex and time-consuming enquiries to the payroll and independent living services.

Staff personal health issues, and people's ability to cope with such a situation, brought the organisation to 'pressure points' several times throughout the year. Overall, however, with credit to staff members and volunteers' commitment, the organisation managed the crisis well and is perhaps in a stronger position to face unavoidable coming changes.

Nevertheless, Independent Living remains at the heart of everything LCIl does. As such the overall aim of the LCIl 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.



# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

### **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.

Nationally, LCIl engaged actively in many activities that cannot all be mentioned here. During the year it was actively involved in the work of Social Work Scotland as part of the Review of Social Care launched in 2019. One of LCIl's particular focuses related to this was the creation of social care standards that may bring better quality and consistency to it. LCIl also engaged with the emerging Scottish Human Rights framework that should place Human Rights law at the heart of Scottish Policy Development. Most importantly, LCIl participated in various opportunities to contribute to the Independent Living Review. The subsequent report, published in February 2021, offers a radical approach to social care and recommends important changes to it, in line with the voices of disabled people and their organisations.

Locally, LCIl continues to work with local authorities in relation to their policies' development, advocating for using the genuine spirit of the self directed support (SDS) legislation in all aspects of policy and services developments. In Edinburgh in particular, LCIl's CEO attended the overall strategic weekly meeting on the Scottish Government Route Maps Project - from June 2020 to the end of January 2021, focusing on health and social care services post-covid re-organisation. Meanwhile the organisation continues to be actively sought by other voluntary organisations in ad hoc or ongoing policy developments. In relation to these, LCIl is working with a number of organisations, including the Edinburgh Voluntary Organisations Council (EVOC), In Control Scotland, the social Care Alliance, Self Directed Support Scotland (SDSS), and Inclusion Scotland, either on a one-to-one basis or by being actively involved in their networks.

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

The Covid crisis environment has not been conducive to this outcome. Nevertheless, 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 continued to ensure that supported people are at the centre of the process and minimised any barriers to it. It was 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 line with this outcome LCIl Champions received their nomination certificates from Edinburgh Volunteer Centre in January 2021

### **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 outcomes and live the way they want to live.**

The following outputs achieved throughout the whole organisation, often against difficult personal stories for service users, increasing financial constraints and radical changes in the way our organisation was able to operate, are all to support this outcome.

In 2020-21:

- The Independent Living Team supported 758 people
- The payroll service supported 643 people each month
- Grapevine (not including the Welfare Matters project) provided support and information to 653 people.
- The SDS Development Project offered peer support and information opportunities to a minimum of 97 people, either disabled or parent carer.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

### Review of the year by services

All services were impacted by the pandemic resulting in no face to face work occurring – either in groups or individually. This meant each team required to spend time moving their service provision to a digital position. Certain tasks became easier for all involved, others took longer to accomplish. Overall, the teams have worked extremely hard, working under undue pressure, to ensure that individuals remained supported at all times.

### The Independent Living Service (ILS)

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 and workshops etc

In 2020-2021 the ILS supported a total of 758 people (42 more than last year) on a one-to-one basis

Local authority	Number of supported service users
Midlothian	85
West Lothian	137
East Lothian	125
City of Edinburgh	405
Other	6
	<b>758</b>

ILS worked with a number of organisations in different ways - EVOC, VOCAL Midlothian and VOCAL Edinburgh, Inclusion Scotland, Scottish Government, Disclosure Scotland, RNIB, and SDSS

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

All groups were delivered online via the Zoom platform from March 2020 onwards.

### Parents and Carers

60 people were involved in at least one of the 39 parent and carer peer support group meetings (average of 4 people per session) during the year.

A minimum of 37 Disabled people/people with long term conditions were involved in at least one of the 35 peer support and workshop sessions for disabled people and people with long term condition (average of 5 people per session). Support was also provided to a number of Disabled people through 6 PA Employer Peer Support sessions.



## LOTHIAN CENTRE FOR INCLUSIVE LIVING

### REPORT OF THE DIRECTORS (CONTINUED)

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.

#### The Champions Programme

Using funding from Scottish Government SDS Development programme (the project co-ordinator is the SDS programme co-ordinator), the project began training a new cohort of 3 parent carers to work with our existing Champions. As Champions they promote an understanding of Independent Living and SDS, and raise the profile of LCiL and Disabled People's Organisations.

Due to the pandemic there were reduced opportunities for Champions to be involved in more than our own delivery of workshops and peer support groups. However, work with Napier University continued to be planned for May 2021.

#### 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 643 disabled employers made use of the payroll service. Of these 643 service users (SUs) 214 also access the Financial Management Service. The following table gives a breakdown by Local Authority

Local authority	Total SUs	Pay-roll SUs only	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	100	77	20	3	14	3	5	1	238
West Lothian	136	89	46	1	5	7	7	7	286
East Lothian	100	66	32	2	10	9	4	2	243
Edinburgh	307	197	79	31	17	23	16	7	818
Total	643	429	177	37	46	42	32	17	1,585

#### Disability Information and Advice Service - Grapevine

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

- supported 653 people in Edinburgh through 671 contacts and 1,889 enquiries.
- made 145 referrals to other organisations.

We are aware of 17 people supported by Grapevine regarding benefit claims who were successful in collectively gaining £63,411 per year or an average of £3,730 individually.

The Welfare Matters Project, focusing on Universal Credit, Employment Support Allowance (ESA), Personal Independence Payment (PIP) appeals and benefit checks supported an extra 83 people through 85 contacts. We are aware of 6 people supported by Welfare Matters regarding benefit claims who were successful in collectively gaining £24,574 per year or an average of £4,096 individually.

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

### **Disability Equality Training (DET)**

This training 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 2 Disability Equality Training days – all held online.

### **Financial review**

Against the background of minimal increased core funding, ongoing complex demand for services and rising overhead costs, the funding renewed for 2½ years (October 2018 to March 2021) by 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 2021 the charity's net assets were £312,443 (2020 £255,566) comprising an accumulated surplus on unrestricted funds of £285,206 (2020 £254,705) and an accumulated surplus on restricted funds of £27,237 (2020 £861). 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 – 2020/21**

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. East Lothian, Midlothian and West Lothian councils provided full funding to DP recipients who then purchased payroll support directly from LCiL.

### **Restricted Funds**

- SG Support in the Right Direction (SiRD) – funding from the Scottish Government for the second Phase of Support in the Right Direction funding (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 for the first half of the year.
- COPD – continued funding, along with match funding from Robertson and Souter Trusts to continue provision of 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, along with funding from Agnes Hunter Trust and Queensberry House, 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 for individuals in Edinburgh with long term conditions
- Wellbeing Fund – funding to allow purchase of equipment required to ensure services continued despite Covid-19
- Resilience Fund – additional funding to allow purchase of equipment required to ensure services continued despite Covid-19

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



# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

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 of at least 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.

### **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	

Since the year-end David Brown resigned as a director on 28 June 2021.

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

### **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 2021 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 2021 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:**



E L PEARSTON, DIRECTOR



# **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 2021 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 2021 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.

### **Emphasis of matter**

We draw your attention to note 12 which describes the existence of an ongoing dispute with H M Revenue & Customs regarding the VAT treatment of the company's payroll and financial management service fee income and the current uncertainties which prevent a reliable quantification of a contingent VAT liability. Our opinion is not modified in respect of this matter.

### **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

## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

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.

#### **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 directors as trustees**

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



## LOTHIAN CENTRE FOR INCLUSIVE LIVING

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

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

- we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our experience of the charity sector and through discussion with management including the directors (as required by auditing standards);
- we had regard to laws and regulations in areas that directly affect the financial statements including the Companies Act 2006 and current financial reporting standards;
- we considered the extent of compliance with those laws and regulations as part of our procedures on the related aspects of the financial statements;
- with the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of management including the directors; and
- we communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates were indicative of a potential bias; and evaluating the rationale of any significant transactions that were unusual or outside normal charitable activities. We reviewed the instances of related parties and remained alert to the possibility of further related party transactions.

There are inherent limitations in the audit procedures described above and the further removed the laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of non-compliance. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

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.

#### 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

20 December 2021

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds £	Restricted funds £	2021 Total £	Unrestricted funds £	Restricted funds £	2020 Total £
<b>Income from:</b>							
<b>Donations and legacies</b>							
Donations		<u>14,106</u>	<u>5,000</u>	<u>19,106</u>	<u>4,492</u>	-	<u>4,492</u>
<b>Income from investments</b>							
Bank interest		-	-	-	<u>986</u>	-	<u>986</u>
<b>Income from charitable activities</b>							
Grants	3	-	219,248	219,248	2,000	201,853	203,853
Service level agreements	3	370,149	32,686	402,835	331,871	24,855	356,726
Payroll and financial management fees		215,623	-	215,623	217,151	-	217,151
Consultancy fees and other income		<u>719</u>	<u>-</u>	<u>719</u>	<u>3,696</u>	-	<u>3,696</u>
		<u>586,491</u>	<u>251,934</u>	<u>838,425</u>	<u>554,718</u>	<u>226,708</u>	<u>781,426</u>
<b>Total income</b>		<u>600,597</u>	<u>256,934</u>	<u>857,531</u>	<u>560,196</u>	<u>226,708</u>	<u>786,904</u>
<b>Expenditure on:</b>							
Raising funds		12,305	-	12,305	12,131	-	12,131
Charitable activities		<u>557,791</u>	<u>230,558</u>	<u>788,349</u>	<u>601,978</u>	<u>228,586</u>	<u>830,564</u>
<b>Total expenditure</b>	5	<u>570,096</u>	<u>230,558</u>	<u>800,654</u>	<u>614,109</u>	<u>228,586</u>	<u>842,695</u>
<b>Net income/ (expenditure)</b>		30,501	26,376	56,877	(53,913)	(1,878)	(55,791)
<b>Transfers between funds</b>		-	-	-	-	-	-
<b>Net movement in funds</b>		30,501	26,376	56,877	(53,913)	(1,878)	(55,791)
<b>Reconciliation of funds:</b>							
Total funds brought forward	9	<u>254,705</u>	<u>861</u>	<u>255,566</u>	<u>308,618</u>	<u>2,739</u>	<u>311,357</u>
<b>Total funds carried forward</b>	9	<u><b>£285,206</b></u>	<u><b>£27,237</b></u>	<u><b>£312,443</b></u>	<u><b>£254,705</b></u>	<u><b>£861</b></u>	<u><b>£255,566</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 2021

Company number SC129392

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		£	£
<b>Fixed assets</b>			
Tangible assets	6	<u>1,801</u>	<u>1,955</u>
<b>Current assets</b>			
Debtors	7	39,201	70,108
Cash at bank and in hand		<u>365,332</u>	<u>244,535</u>
		<u>404,533</u>	<u>314,643</u>
<b>Liabilities</b>			
Creditors falling due within one year	8	<u>93,891</u>	<u>61,032</u>
<b>Net current assets</b>		<u>310,642</u>	<u>253,611</u>
<b>Total assets less current liabilities</b>		312,443	255,566
Creditors falling due after one year		—	—
<b>Net assets</b>		<u><b>£312,443</b></u>	<u><b>£255,566</b></u>
<b>Funds of the charity:</b>			
Unrestricted income funds	9	285,206	254,705
Restricted income funds	9	<u>27,237</u>	<u>861</u>
		<u><b>£312,443</b></u>	<u><b>£255,566</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 6<sup>th</sup> December 2021 and signed on its behalf by:



**E L PEARSTON**  
**DIRECTOR**



**E A 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 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		£	£
<b>Cash flows from operating activities:</b>			
Net cash provided/ (utilised) by operating activities	17	121,460	(40,670)
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(663)	(2,036)
<b>Change in cash and cash equivalents in the reporting period</b>		120,797	(42,706)
Cash and cash equivalents at the beginning of the reporting period		<u>244,535</u>	<u>287,241</u>
Cash and cash equivalents at the end of the reporting period	16	<u><b>£365,332</b></u>	<u><b>£244,535</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 2021

### 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. The presentation currency is sterling.

#### 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 eight restricted funds during the year: Right Direction 2, COPD (NHS Lothian), COPD (Other funders), Welfare Matters, Self-Management Support, Grapevine funding (Queensberry House Trust, Rotary Club of Edinburgh and R Butchart), Wellbeing (Corra Foundation) and Resilience (Foundation Scotland).

#### 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.

#### 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.



# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (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.

#### **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.

#### **GOING CONCERN**

The financial statements are prepared on the going concern basis. The directors consider that there are no material uncertainties about the company's ability to continue as a going concern. 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.

#### **ACCOUNTING POLICY JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the financial statements management can be required to make judgements and/ or estimates which affect reported income, expenditure, assets and liabilities. Use of available information, past experience and reasonable expectation of future events are inherent in making those judgements and estimates.

As disclosed at note 12 the directors judge the charity is not liable for VAT on its fee income to payroll and financial management service users and therefore no VAT liability is included in these accounts. There would be a significant effect on expenditure and liabilities recognised in the financial statements should HMRC's opposing view prevail.

The directors have made estimates to determine an appropriate rate of depreciation and expected useful life of each tangible fixed asset and to apportion expenditure between activities as disclosed within the specific accounting policies above and at note 5.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

### 2. NET INCOMING RESOURCES FROM ORDINARY ACTIVITIES

	2021 £	2020 £
Net incoming resources from ordinary activities is stated after charging:		
Depreciation	817	1,603
Operating lease charges – land and buildings	41,688	44,678
Operating lease charges – office equipment	6,576	5,382
Auditors' remuneration for audit services	5,100	5,100
Auditors' remuneration for non-audit services	<u>1,628</u>	<u>2,010</u>

### 3. GRANT AND SERVICE LEVEL AGREEMENT INCOME

	2021 Unrest- ricted £	2021 Rest- ricted £	2021 Total £	2020 Unrest- ricted £	2020 Rest- ricted £	2020 Total £
<b>Government grants</b>						
City of Edinburgh Council on behalf of						
Edinburgh Integrated Joint Board	-	19,872	19,872	-	23,151	23,151
Scottish Government	-	<u>162,230</u>	<u>162,230</u>	-	<u>158,515</u>	<u>158,515</u>
	-	<u>182,102</u>	<u>182,102</u>	-	<u>181,666</u>	<u>181,666</u>
<b>Other grants</b>						
Agnes Hunter Trust	-	9,075	9,075	-	10,187	10,187
Queensberry House Trust	-	6,000	6,000	-	-	-
The Robertson Trust	-	8,000	8,000	-	-	-
The Souter Charitable Trust	-	2,000	2,000	-	3,000	3,000
Rotary Club of Edinburgh	-	1,000	1,000	-	-	-
Saints and Sinners Club of Scotland	-	-	-	1,000	-	1,000
Ward Family Charitable Trust	-	-	-	1,000	-	1,000
The Stafford Trust	-	-	-	-	3,000	3,000
The Maple Trust	-	-	-	-	4,000	4,000
Corra Foundation	-	6,076	6,076	-	-	-
Foundation Scotland	-	<u>4,995</u>	<u>4,995</u>	-	-	-
	-	<u>37,146</u>	<u>37,146</u>	<u>2,000</u>	<u>20,187</u>	<u>22,187</u>
<b>Total grants</b>	<b>£ -</b>	<b><u>£219,248</u></b>	<b><u>£219,248</u></b>	<b><u>£2,000</u></b>	<b><u>£201,853</u></b>	<b><u>£203,853</u></b>
<b>Service level agreements</b>						
City of Edinburgh Council	271,212	-	271,212	239,441	-	239,441
West Lothian Council	39,648	-	39,648	38,452	-	38,452
East Lothian Council	36,474	-	36,474	32,076	-	32,076
Midlothian Council	22,815	-	22,815	21,902	-	21,902
NHS Lothian Self-Management	-	23,186	23,186	-	15,856	15,856
NHS Lothian COPD	-	<u>9,500</u>	<u>9,500</u>	-	<u>8,999</u>	<u>8,999</u>
	<u>£370,149</u>	<u>£32,686</u>	<u>£402,835</u>	<u>£331,871</u>	<u>£24,855</u>	<u>£356,726</u>

UK Government Coronavirus Job Retention Scheme grant income totalling £3,790 (2020 nil) has been deducted from gross employment expenditure in the Statement of Financial Activities and note 5 rather than separately disclosed as Government grant income in this note and the Statement of Financial Activities.

## LOTHIAN CENTRE FOR INCLUSIVE LIVING

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

#### 4. EMPLOYEES AND DIRECTORS

	2021	2020
Details of staff costs are as follows:	£	£
Gross salaries	563,138	531,032
Employer's national insurance	40,125	40,097
Defined contribution pension scheme cost	40,467	33,883
	<u>£643,730</u>	<u>£605,012</u>

No remuneration was paid to and no benefits were provided to directors during the year (2020 nil).

No individual employee received emoluments excluding employer pension costs 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	24	21
Administration	<u>1</u>	<u>1</u>
	<u>28</u>	<u>25</u>

During the year the company paid no expenses on behalf of directors (2020 paid travel expenses totalling £48 on behalf of one director).

Employee and employer contributions totalling £6,075 (2020 £4,410) 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 remuneration including employer pension contributions totalled £84,388 (2020 £81,190).



# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

### 5. TOTAL EXPENDITURE

	RF	ILS	PAY	GV	RD	COPD	WM	SMS	WB	RS	2021
	£	£	£	£	£	£	£	£	£	£	£
<b>Costs directly allocated to activities</b>											
Staff and temporary staff	12,305	152,336	187,843	46,795	80,913	14,713	20,762	18,026	-	-	533,693
Recruitment	-	312	6,095	247	735	-	178	-	-	-	7,567
Service delivery costs	-	2,376	-	4	15,047	-	488	4	-	-	17,919
Payroll and financial management service bad debts	-	-	889	-	-	-	-	-	-	-	889
	<u>12,305</u>	<u>155,024</u>	<u>194,827</u>	<u>47,046</u>	<u>96,695</u>	<u>14,713</u>	<u>21,428</u>	<u>18,030</u>	-	-	<u>560,068</u>

<b>Support costs allocated to activities [basis of allocation]</b>											
Staff costs [staff time]	-	58,756	32,214	34,497	-	-	-	-	2,931	-	128,398
Premises costs [floor area; per capita]	-	13,291	15,881	4,678	6,289	834	1,801	1,142	-	-	43,916
Office and administration [usage; per capita]	-	13,077	18,389	4,817	7,611	1,568	5,836	1,114	3,145	-	60,552
Bank charges [usage; per capita]	-	71	77	27	-	-	-	-	-	-	175
Audit fee [usage; per capita]	-	2,727	2,967	1,034	-	-	-	-	-	-	6,728
Contribution (from)/ to projects and core activities	-	(14,111)	(8,118)	(11,222)	26,113	2,227	2,906	2,205	-	-	-
Depreciation [usage; per capita]	-	<u>331</u>	<u>360</u>	<u>126</u>	<u>40,013</u>	<u>4,629</u>	<u>10,543</u>	<u>4,461</u>	<u>6,076</u>	<u>4,995</u>	<u>817</u>
	-	<u>74,142</u>	<u>61,770</u>	<u>33,957</u>	<u>40,013</u>	<u>4,629</u>	<u>10,543</u>	<u>4,461</u>	<u>6,076</u>	<u>4,995</u>	<u>240,586</u>
	<u>12,305</u>	<u>229,166</u>	<u>256,597</u>	<u>81,003</u>	<u>136,708</u>	<u>19,342</u>	<u>31,971</u>	<u>22,491</u>	<u>6,076</u>	<u>4,995</u>	<u>800,654</u>

Amounts classified above as staff costs include employment costs of £643,730 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	WB	Wellbeing
RS	Resilience				

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

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

### 5. TOTAL EXPENDITURE (continued)

	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>

### Support costs allocated to activities [basis of allocation]

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>-</u>	<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	Payroll and FMS
WM	Welfare Matters	SMS	Self- Management Support		

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

### 6. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment £	Total £
<b>COST</b>		
At 1 April 2020	71,375	71,375
Additions	663	663
Disposals	(-)	(-)
At 31 March 2021	<u>72,038</u>	<u>72,038</u>
<b>DEPRECIATION</b>		
At 1 April 2020	69,420	69,420
Charge for year	817	817
Disposals	(-)	(-)
At 31 March 2021	<u>70,237</u>	<u>70,237</u>
<b>NET BOOK VALUE</b>		
At 31 March 2021	<u><b>£1,801</b></u>	<u><b>£1,801</b></u>
At 31 March 2020	<u><b>£1,955</b></u>	<u><b>£1,955</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

	2021 £	2020 £
Amounts falling due within one year:		
Payroll and financial management service debtors	12,841	13,960
Accrued income	13,705	43,375
Prepayments	<u>12,655</u>	<u>12,773</u>
	<u><b>£39,201</b></u>	<u><b>£70,108</b></u>

### 8. CREDITORS

Amounts falling due within one year:		
Payroll taxes	12,727	10,981
Accruals	26,153	21,755
Deferred income	53,279	24,925
Other creditors	<u>1,732</u>	<u>3,371</u>
	<u><b>£93,891</b></u>	<u><b>£61,032</b></u>

Movement in deferred income comprises:

Deferred income brought forward	24,925	29,186
Deferred income brought forward defrayed in year	(24,925)	(21,261)
Income received in year or receivable at year-end and deferred due to funder restrictions on defrayment	<u>53,279</u>	<u>17,000</u>
	<u><b>£53,279</b></u>	<u><b>£24,925</b></u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

## 9. MOVEMENT ON FUNDS

	At 01/04/20	Income	Expenditure	Net movement	Transfers	At 31/03/21
	£	£	£	£	£	£
<b>Restricted Funds:</b>						
Right Direction 2 (Scottish Gov.)	50	162,230	(136,708)	25,522	-	25,572
COPD (NHS Lothian)	651	9,500	(9,421)	79	-	730
COPD (Other funders)	8	10,000	(9,921)	79	-	87
Welfare Matters (Various funders)	651	31,972	(31,971)	1	-	652
Self-Management Support (NHS Lothian)	(499)	23,186	(22,491)	695	-	196
Wellbeing (Corra Foundation)	-	6,076	(6,076)	-	-	-
Resilience (Foundation Scotland)	-	4,995	(4,995)	-	-	-
Grapevine (Various funders)	-	8,975	(8,975)	-	-	-
Total restricted	<u>861</u>	<u>256,934</u>	<u>(230,558)</u>	<u>26,376</u>	-	<u>27,237</u>
<b>Unrestricted Funds:</b>						
Undesignated funds						
General fund	<u>254,705</u>	<u>600,597</u>	<u>(570,096)</u>	<u>30,501</u>	-	<u>285,206</u>
Total undesignated	<u>254,705</u>	<u>600,597</u>	<u>(570,096)</u>	<u>30,501</u>	-	<u>285,206</u>
Total unrestricted	<u>254,705</u>	<u>600,597</u>	<u>(570,096)</u>	<u>30,501</u>	-	<u>285,206</u>
<b>TOTAL FUNDS</b>	<b><u>£255,566</u></b>	<b><u>£857,531</u></b>	<b><u>£(800,654)</u></b>	<b><u>£56,877</u></b>	<b><u>£-</u></b>	<b><u>£312,443</u></b>

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 Robertson Trust and Souter Charitable Trust.

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



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

## 9. MOVEMENT ON FUNDS (continued)

	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)	-	-	-
Total restricted	<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
Total undesignated	<u>308,618</u>	<u>560,196</u>	<u>(614,109)</u>	<u>(53,913)</u>	-	<u>254,705</u>
Total unrestricted	<u>308,618</u>	<u>560,196</u>	<u>(614,109)</u>	<u>(53,913)</u>	-	<u>254,705</u>
<b>TOTAL FUNDS</b>	<b><u>£311,357</u></b>	<b><u>£786,904</u></b>	<b><u>£(842,695)</u></b>	<b><u>£(55,791)</u></b>	<b><u>£-</u></b>	<b><u>£255,566</u></b>

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.

## 10. LEASE AGREEMENTS

Minimum lease payments under operating leases fall due as follows:

	2021 Land and buildings £	2021 Office equipment £	2020 Land and buildings £	2021 Office equipment £
Within one year	21,279	4,795	21,029	5,382
Between one and five years	-	16,783	-	8,073
After five years	-	-	-	-
	<u>£21,279</u>	<u>£21,578</u>	<u>£21,029</u>	<u>£13,455</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

### 11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

	Unrestricted funds £	Restricted funds £	2021 Total £	Unrestricted funds £	Restricted funds £	2020 Total £
Fixed assets	1,801	-	1,801	1,955	-	1,955
Net current assets	<u>283,405</u>	<u>27,237</u>	<u>310,642</u>	<u>252,750</u>	<u>861</u>	<u>253,611</u>
	<b><u>£285,206</u></b>	<b><u>£27,237</u></b>	<b><u>£312,443</u></b>	<b><u>£254,705</u></b>	<b><u>£861</u></b>	<b><u>£255,566</u></b>

### 12. CONTINGENT LIABILITY

LCiL currently remains in dispute with HM Revenue and Customs (HMRC) regarding the VAT treatment of its income from payroll and financial management services provided to service users in receipt of self-directed support. LCiL contends that income should be exempt for VAT purposes.

LCiL's original appeal to the First Tier Tribunal was sisted pending the conclusion of a similar case in England. Following the withdrawal in June 2020 of one of the parties in that case the directors of LCiL have decided to continue its appeal and their decision has been notified to the First Tier Tribunal. The directors continue to take professional advice from the Faculty of Advocates to progress the company's appeal.

The directors are of the opinion that this contingent liability cannot be reliably quantified at present due to the duration of the dispute and uncertainty about its outcome. Despite this, they have considered the potential impact of a worst case outcome which would have a significantly adverse effect on the company's financial position and its unrestricted funds. Nevertheless, the directors are of the current opinion that an adverse outcome will not negate the preparation of the financial statements on a going concern basis.

### 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 financial statements.

### 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 2021 these client account balances totalled £1,744,277 (2020 £1,494,434). 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 2021 is included in these financial statements within income from charitable activities.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (Continued)**

**16. CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<u>£365,332</u>	<u>£244,535</u>

**17. CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net income/ (expenditure) for the year	56,877	(55,791)
Depreciation	817	1,603
Decrease in debtors	30,907	22,962
Increase/ (decrease) in creditors	<u>32,859</u>	<u>(9,444)</u>
	<b><u>£121,460</u></b>	<b><u>£(40,670)</u></b>

**18. RELATED PARTY TRANSACTIONS**

During the year unrestricted donation income totalling £10,000 (2020 nil) was received from related parties.