

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

**LOTHIAN CENTRE FOR INCLUSIVE LIVING**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2022**

**BROWN, SCOTT & MAIN**

Chartered Accountants and Statutory Auditor

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

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# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **COMPANY INFORMATION**

### **CONVENOR**

Jeff Adamson

### **OTHER DIRECTORS**

Liz Pearston  
Louise Doctor (Resigned 3 March 2022)  
John Ballantine (Deceased 29 August 2022)  
Elizabeth Adamson  
Dugald McArthur  
Balkishan Agrawal

### **CHIEF EXECUTIVE**

Lyn Pornaro (To 31 October 2022)

### **INTERIM CHIEF EXECUTIVE**

Karen McFadyen (From 24 October 2022)

### **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 2022 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 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 evolving. To address this LCiL continues 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. A new Fund Raising Strategy has been implemented and this is generating income from a number of different Trusts and Foundations. This income not only provides additional funding for existing or new projects and services but also makes a contribution to core costs to support operational activities and investment.

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 has engaged pro bono services of Counsel through the Faculty of Advocates to proceed with its Appeal. The Appeal is currently sisted as discussions with HMRC continue. The outcome of these discussions will determine whether or not the Appeal goes ahead or settlement can be reached. 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

The organisation continued to uphold established COVID-19 responses and policies with ongoing home working for most staff. Where home working was not an option strict social distancing was observed in the office. The organisation has continued to successfully operate an accessible suite of services under these challenging circumstances, ensuring we continued to ensure that the highest level of support is offered to those who need it most when it is needed most.

A new emphasis on staff wellbeing and mental health in 2021 led to the development of a wellbeing charter for the organisation and opportunities to participate in Intelligent Kindness sessions with an external speaker. This emphasis helped ensure staff who feel isolated during the COVID-19 pandemic receive the support they need from LCiL during what has been a very challenging period.

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

As in 2020 – 2021, the organisation would like to credit the resilience and commitment of LCIl staff and volunteers who continue to deliver excellent quality services to disabled people, people with long term conditions, and older people in Edinburgh and the Lothians despite these unprecedented global circumstances.

## **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**

2021 – 2022 has been a year of significant changes and challenges for the organisation and the wider world. The COVID-19 pandemic continues to reverberate globally impacting the daily lives of millions of people. In many cases the impact of the pandemic has been felt most acutely by disabled people, people with long terms conditions and older people. Our organisation continues to be a lifeline to this group of people of Edinburgh and the Lothians during this difficult period offering a range of high quality, independent, confidential and impartial services.

Longstanding CEO Florence Garabedian stepped down from her role in April 2021 following a fourteen-year tenure overseeing the successful growth and development of LCIl while ensuring the voice of disabled people and principles of the Independent Living Movement are at the centre of everything we do. We were delighted to welcome Lyn Pornaro to the position of CEO in April 2021. Lyn has worked with LCIl for four years as a Coordinator and Deputy CEO and brings the skills and leadership necessary to see LCIl continue to develop and thrive as a leading member of the Independent Living Movement in Scotland. Lyn stepped down from her role in October 2022 and as at the date of this report we have in place an Interim Chief Executive, Karen McFadyen. The process of recruitment for a permanent replacement is underway.

The organisation continued to uphold established COVID-19 responses and policies with ongoing home working for most staff. Where home working was not an option strict social distancing was observed in the office. The organisation has continued to successfully operate an accessible suite of services under these challenging circumstances, ensuring we continued to ensure that the highest level of support is offered to those who need it most when it is needed most.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

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

LCiIL continues to be involved in many significant national developments and is recognised as experts in its field. Informed by the people it supports, LCIIL is successful in influencing policies and practices locally and nationally in partnership with statutory organisations, the voluntary sector and companies in the private sector.

Nationally, LCIIL continues to be engaged in a range of activities advocating for the rights and interests of disabled people, people with long term conditions and older people. During the year LCIIL was involved - in coordination with key partner organisations in the sector - in contributing to consultation groups around the development of a National Care Service framework and Bill, attending meetings and submitting written responses as appropriate. Similarly, we continued to be deeply involved in the Social Work Scotland National Standards Implementation Group attending meetings and providing insight from the lived experience of people we support. In this period, we also worked closely with the Scottish Government, Self-Directed Support Scotland and other key partners on the framework for the administration of a £500 payment to up to 10,000 personal assistants employed by disabled people in Scotland.

Locally the organisation continues to work in partnership with Edinburgh and Lothian Local Authorities to advocate for a truly person-centred application of Self-Directed Support regulations in line with the spirit of the legislation. In this period, we completed a best practice review with East Lothian Council and worked with West Lothian Council to complete a multi-year tender for the LCIIL Independent Living Service to continue operating in this area. The organisation continues to work productively with local partner organisations and forums in the sector to contribute to shared learning of best practice, consultation input and training opportunities.

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

Due to the ongoing COVID-19 pandemic, it has been – as with the previous year – a very challenging period for service delivery while ensuring adherence to COVID-19 regulations. Over the spring and summer of 2021, it became apparent that COVID-19 regulations may be eased by the Scottish Government to the extent that the organisation may begin to take steps to return to offering some face-to-face working opportunities within our services.

The organisation played a very important role in relaying information from local authorities to service users, PA employers, and vice-versa. We worked closely with local authorities in enabling PAs to continue to work for their employer when they could.

Over the summer of 2021 the organisation canvassed the views of the people we support and work with to determine how we could achieve this and what level of interest there may be in resuming face-to-face working. Through the hard work of the LCIIL staff the organisation was able to re-introduce safe group events. In addition to this, with continuing support from the Scottish Government Support in the Right Direction (SiRD), we were able to preserve and continue to offer the new accessible ways of working developed during the pandemic including the ability to offer online peer support over Zoom for those who had a preference for this method.

In our 2021 service user satisfaction survey people said:

- “LCiIL has helped me so much in the past as an employer of support people, their courses are wonderful. I always get great support on the phone or as replies from emails.”
- “They help with all different topics of support. They have been so helpful to me in many ways.”
- “You provide friendly impartial advice and help me to be as independent as possible.”

95.3% of people responding to the survey agreed or strongly agreed that the LCIIL services they used fulfilled their expectations. Furthermore, 91.6% agreed or strongly agreed that support from LCIIL had helped to improve their choices and given them more control in their life.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

**Outcome 3: All services and projects of LCiL support disabled people, people with long term conditions and older people so they can achieve their personal outcomes and live the way they want to live.**

All services have performed well in a very challenging environment. Where practical members of the LCiL team are operating in a fully flexible way; from home, in the LCiL offices or a mixture of both.

We are gradually returning to delivering in person services where required and when suitable.

### Review of the year by services.

Funding continues to be challenging and the process does have an impact on recruitment and longer term planning. when it is uncertain whether roles will be in place beyond the existing funding term.

Our Senior Management team was affected by serious illness and other teams were depleted at various points during the year due to absence or delays in recruitment in a very difficult environment.

Despite the aforementioned challenges the team performed well and continued to deliver a high quality of service as borne out by feedback from service users, funders and commentary in the Annual survey.

### 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 2021-2022 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



# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

### **Grapevine Disability Information Service**

The Grapevine Disability Information service, as with all LCIIL services, experienced a challenging year as the COVID-19 pandemic continued to disrupt services. Due to Scottish Government COVID-19 regulations, all services were provided remotely during this time using a combination of accessible technology solutions including email, telephone and video calling through the Zoom platform.

In this period the Grapevine team supported 428 unique service users over 1775 enquiries. These enquiries were predominantly in relation to disability benefits entitlement support which with support from the Welfare Matters project ensured we were able to continue supporting Edinburgh residents through a very challenging year.

The team continued to build on the existing strong relationships with external organisations and collaborate on sharing best practice with partners in the sector including City of Edinburgh Council, NHS Lothian and local Job Centres. In this period the Grapevine project was successful in securing over £400,000 in financial gain for service users in the City of Edinburgh Council area.

### **Self-Directed Support Development Programme**

Despite a challenging year, the SDS Development Programme continued to meet and exceed targets of delivering high quality peer support and learning opportunities throughout Edinburgh and the Lothians using a hybrid approach of in-person where possible and online via Zoom.

In addition to this the team has also continued to deliver:

- Monthly peer support opportunities for PA Employers, parent carers and disabled people, those with longer term conditions and older people through a combination of online and face-to-face service delivery.
- A variety of targeted workshops guided by feedback from service users including an introduction to SDS outcomes and support planning.
- Ongoing Champion involvement and participation wherever possible to ensure the lived experience of individuals is at the centre of the SDS team's work.
- An issue of the LCIIL Lothian Disability News (a quarterly newsletter with hundreds of subscribers) focussed on the SDS Development Team and their activity

### **Champions Programme**

We were delighted to re-introduce a round of Champions volunteer training during this year. Having run this training online in 2020 and not offered it in 2021, we were pleased to be able to once again offer this volunteer training opportunity in-person in February 2022 for a six-week period.

LCiIL Champions training is designed to equip new volunteers with the skills and knowledge essential to carry out the Champions role of raising awareness and understanding of the lived experience of disabled people and people with long term conditions. Volunteers who successfully completed this round of training reported that the experience had been very positive overall, remarking that the regular training was both a weekly highlight, as well engaging, informative and useful for developing key skills including communication, assertiveness and presentation. One of our five new champions in particular felt that completing this training was a significant personal milestone following a difficult number of years and marked a beginning of a new chapter in their life.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

### 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 659 disabled employers made use of the payroll service. Of these 659 service users (SUs) 210 also access the Financial Management Service. The following table gives a breakdown by Local Authority

Local Authority	Total Payrolls	Standard Payroll SU's	FMS Payroll SU's	Non - Payroll SU's	New Standard Payroll SU's	New FMS Payroll SU's	Standard Payroll Cessations	FMS Payrolls Cessations	No. of PA's (at any one point in year)
Midlothian	102	78	21	3	7	1	6	0	243
West Lothian	139	93	45	1	11	2	7	3	292
East Lothian	115	80	33	2	18	2	4	1	278
Edinburgh	303	198	74	31	10	2	9	7	807
Total	659	449	173	37	46	7	26	11	1620

### Self-Management Support Service

The Self-Management Service continued to work to support Edinburgh residents through having meaningful, person-centred conversations to support service users to:

- Connect to appropriate community supports and services
- Access resources to gain a better understanding of your long-term health condition
- Assist you to develop action plans which will result in better health and wellbeing outcomes
- Identify strategies to assist you to manage your emotional and physical challenges better
- Help you to feel better prepared for your medical appointments and get more from these in the future

The COVID-19 pandemic highlighted the importance of digital independence for individuals who otherwise may not have engaged with services and activities. Others have appreciated the telephone check-ins and discussions with the SMSW at a time when they were experiencing isolation and not able to access services in their usual way.

In this period, we saw a continuation of a productive collaboration with the LCiL SDS Development Programme where a new peer-support group focussed on supporting attendees with concerns or difficulties related directly to the COVID-19 pandemic was hosted. This has been a successful new group with support offered in relation to lockdown easing concerns, bereavement and COVID related SDS difficulties including PA recruitment.

## FINANCIAL REVIEW

At 31 March 2022 the charity's net assets were £406,590 (2021 £312,443) comprising an accumulated surplus on unrestricted funds of £346,234 (2021 £285,206) and an accumulated surplus on restricted funds of £60,356 (2021 £27,237). 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.

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

### **Principal Funding Sources – 2021/22**

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 fund the Independent Living Service, as follows

- CEC extended their current ILS contract by one year to 31 December 2023
- Midlothian is currently on a year on year basis, WLC began in April 2022 and is for 4 years with an option to extend for a further 48 months. The ILS contract for East Lothian expires on 31/3/2023 and we have re-tendered for this. We are currently in negotiation with the Council and hope to be awarded this contract both for ILS and FMS.

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.
- Community Respiratory Support Service (CRSS) – 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
- Scottish Govt. Wellbeing Fund - funds were used to cover the cost of moving staff to work from home during the Covid19 pandemic. This included one new laptop, IT support to move staff to work from home and additional administrative support in the office up to 31<sup>st</sup> July 2020.
- Resilience Fund – additional funding for the purchase of equipment required to ensure that services could continue during the Covid19 pandemic. This was used to purchase laptops.

Although LCiL has experienced a challenging year, with the full impact of the pandemic and the cost of living crisis still unknown, we have had several successes with funding decisions. For April 2021 – March 2022 we were awarded 13 grants totalling £70,024. For April 2022 - March 2023 we were awarded 15 grants totalling £40,250. Most grants awarded are for a period of one year. However in October 2022 we were awarded a 3-year grant of £131,305 from April 1<sup>st</sup> 2023 – March 31<sup>st</sup> 2026 for our Self-management, Welfare Matters, Community Respiratory Support, and Self-directed Support Projects. This will help to secure these services for the next three years. 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. We are grateful for the support of our funders.

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.



# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

### **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	(Resigned 3 March 2022)
John Ballantine	(Deceased 29 August 2022)
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.



## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

#### **Tangible fixed assets**

Additions to tangible fixed assets during the year ended 31 March 2022 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 2022 and is in force now.

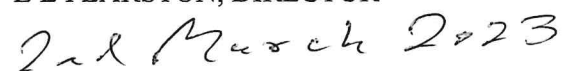
#### **Basis of preparation**

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 2022 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 2022 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.

## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

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

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.

#### **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 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.

## 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

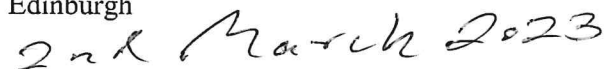
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other 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





# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total £	Unrestricted funds £	Restricted funds £	2021 Total £
<b>Income from:</b>							
<b>Donations and legacies</b>							
Donations		<u>10,510</u>	-	<u>10,510</u>	<u>14,106</u>	<u>5,000</u>	<u>19,106</u>
<b>Income from investments</b>							
Bank interest		<u>194</u>	-	<u>194</u>	-	-	-
<b>Income from charitable activities</b>							
Grants	3	21,878	214,021	235,899	-	219,248	219,248
Service level agreements	3	360,627	42,998	403,625	370,149	32,686	402,835
Payroll and financial management fees		240,264	-	240,264	215,623	-	215,623
Consultancy fees and other income		<u>2,598</u>	-	<u>2,598</u>	<u>719</u>	-	<u>719</u>
		<u>625,367</u>	<u>257,019</u>	<u>882,386</u>	<u>586,491</u>	<u>251,934</u>	<u>838,425</u>
<b>Total income</b>		<u>636,071</u>	<u>257,019</u>	<u>893,090</u>	<u>600,597</u>	<u>256,934</u>	<u>857,531</u>
<b>Expenditure on:</b>							
Raising funds		-	-	-	12,305	-	12,305
Charitable activities		<u>575,043</u>	<u>223,900</u>	<u>798,943</u>	<u>557,791</u>	<u>230,558</u>	<u>788,349</u>
<b>Total expenditure</b>	5	<u>575,043</u>	<u>223,900</u>	<u>798,943</u>	<u>570,096</u>	<u>230,558</u>	<u>800,654</u>
<b>Net income/ (expenditure)</b>		61,028	33,119	94,147	30,501	26,376	56,877
<b>Transfers between funds</b>		-	-	-	-	-	-
<b>Net movement in funds</b>		61,028	33,119	94,147	30,501	26,376	56,877
<b>Reconciliation of funds:</b>							
Total funds brought forward	9	<u>285,206</u>	<u>27,237</u>	<u>312,443</u>	<u>254,705</u>	<u>861</u>	<u>255,566</u>
<b>Total funds carried forward</b>	9	<u><b>£346,234</b></u>	<u><b>£60,356</b></u>	<u><b>£406,590</b></u>	<u><b>£285,206</b></u>	<u><b>£27,237</b></u>	<u><b>£312,443</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 19 to 29 form part of these financial statements

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

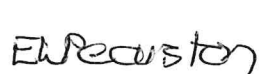
## BALANCE SHEET AS AT 31 MARCH 2022

Company number SC129392

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		£	£
<b>Fixed assets</b>			
Tangible assets	6	<u>5,024</u>	<u>1,801</u>
<b>Current assets</b>			
Debtors	7	50,472	39,201
Cash at bank and in hand		<u>409,011</u>	<u>365,332</u>
		<u>459,483</u>	<u>404,533</u>
<b>Liabilities</b>			
Creditors falling due within one year	8	<u>57,917</u>	<u>93,891</u>
<b>Net current assets</b>		<u>401,566</u>	<u>310,642</u>
<b>Total assets less current liabilities</b>		406,590	312,443
Creditors falling due after one year		-	-
<b>Net assets</b>		<u><b>£406,590</b></u>	<u><b>£312,443</b></u>
<b>Funds of the charity:</b>			
Unrestricted income funds	9	346,234	285,206
Restricted income funds	9	<u>60,356</u>	<u>27,237</u>
		<u><b>£406,590</b></u>	<u><b>£312,443</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 16 to 29 were approved by the Board of Directors on 2 March 2023 and signed on its behalf by:



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



**ELIZABETH ADAMSON**  
**DIRECTOR**

The notes on pages 19 to 29 form part of these financial statements

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		£	£
<b>Cash flows from operating activities:</b>			
Net cash provided/ (utilised) by operating activities	17	48,302	121,460
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(4,623)	(663)
<b>Change in cash and cash equivalents in the reporting period</b>		43,679	120,797
Cash and cash equivalents at the beginning of the reporting period		<u>365,332</u>	<u>244,535</u>
Cash and cash equivalents at the end of the reporting period	16	<u><b>£409,011</b></u>	<u><b>£365,332</b></u>

The notes on pages 19 to 29 form part of these financial statements

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 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 10 of the Report of the Directors. The charity had five restricted funds during the year: Right Direction 2, COPD (NHS Lothian), COPD (Other funders), Welfare Matters, Self-Management Support.

#### 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 2022 (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 the going concern basis is appropriate as since the year end the charity has received or the directors 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 remain in negotiation with H M Revenue & Customs as to Vat on its fee income from payroll and financial management service users. No VAT liability is included in these accounts. There would be a significant effect on expenditure and liabilities recognised in the financial statements should a substantial Vat liability result from these negotiations.

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 2022 (Continued)

### 2. NET INCOMING RESOURCES FROM ORDINARY ACTIVITIES

	2022 £	2021 £
Net incoming resources from ordinary activities is stated after charging:		
Depreciation	1,400	817
Operating lease charges – land and buildings	42,432	41,688
Operating lease charges – office equipment	5,211	6,576
Auditors' remuneration for audit services	5,500	5,100
Auditors' remuneration for non-audit services	<u>1,700</u>	<u>1,628</u>

### 3. GRANT AND SERVICE LEVEL AGREEMENT INCOME

	2022 Unrest- ricted £	2022 Rest- ricted £	2022 Total £	2021 Unrest- ricted £	2021 Rest- ricted £	2021 Total £
<b>Government grants</b>						
City of Edinburgh Council on behalf of Edinburgh Integrated Joint Board	-	20,269	20,269	-	19,872	19,872
Scottish Government	-	<u>152,789</u>	<u>152,789</u>	-	<u>162,230</u>	<u>162,230</u>
	-	<u>173,058</u>	<u>173,058</u>	-	<u>182,102</u>	<u>182,102</u>
<b>Other grants</b>						
Agnes Hunter Trust	-	4,993	4,993	-	9,075	9,075
Queensberry House Trust	-	7,470	7,470	-	6,000	6,000
The Robertson Trust	-	8,000	8,000	-	8,000	8,000
The Souter Charitable Trust	-	3,000	3,000	-	2,000	2,000
Rotary Club of Edinburgh	-	-	-	-	1,000	1,000
Saints and Sinners Club of Scotland	1,000	-	1,000	-	-	-
Nimar Charitable Trust	5,000	-	5,000	-	-	-
The Maple Trust	-	2,500	2,500	-	-	-
Corra Foundation	-	-	-	-	6,076	6,076
National Lottery Awards for All	-	10,000	10,000	-	-	-
Edward Gosling Foundation	-	5,000	5,000	-	-	-
Sir Jules Thorn Charitable Trust	1,000	-	1,000	-	-	-
Cruden Foundation	500	-	500	-	-	-
Scottish Council for Voluntary Organisations (SCVO)	14,378	-	14,378	-	-	-
Foundation Scotland	-	-	-	-	4,995	4,995
	<u>21,878</u>	<u>40,963</u>	<u>62,841</u>	-	<u>37,146</u>	<u>37,146</u>
<b>Total grants</b>	<b><u>£21,878</u></b>	<b><u>£214,021</u></b>	<b><u>£235,899</u></b>	<b><u>£ -</u></b>	<b><u>£219,248</u></b>	<b><u>£219,248</u></b>
<b>Service level agreements</b>						
City of Edinburgh Council	270,757	-	270,757	271,212	-	271,212
West Lothian Council	36,500	-	36,500	39,648	-	39,648
East Lothian Council	32,076	-	32,076	36,474	-	36,474
Midlothian Council	21,294	-	21,294	22,815	-	22,815
NHS Lothian Self-Management	-	33,308	33,308	-	23,186	23,186
NHS Lothian COPD	-	9,690	9,690	-	9,500	9,500
	<u>£360,627</u>	<u>£42,998</u>	<u>£403,625</u>	<u>£370,149</u>	<u>£32,686</u>	<u>£402,835</u>

UK Government Coronavirus Job Retention Scheme grant income totalling £nil (2021 3,790) 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 2022 (Continued)

#### 4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Details of staff costs are as follows:		
Gross salaries	560,508	563,138
Employer's national insurance	37,338	40,125
Defined contribution pension scheme cost	39,968	40,467
	<u>£637,814</u>	<u>£643,730</u>

No remuneration was paid to and no benefits were provided to directors during the year (2021 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	25	24
Administration	<u>1</u>	<u>1</u>
	<u>29</u>	<u>28</u>

During the year the company paid no expenses on behalf of directors (2021 £nil).

Employee and employer contributions totalling £14,557 (2021 £6,075) 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 £74,056 (2021 £84,388).

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (Continued)

### 5. TOTAL EXPENDITURE

	RF	<	EXPENDITURE ON CHARITABLE ACTIVITIES						>
	£	ILS	PAY	GV	RD	COPD	WM	SMS	2022
		£	£	£	£	£	£	£	£
<b>Costs directly allocated to activities</b>									
Staff and temporary staff	-	172,838	158,250	43,063	80,438	12,149	15,891	17,733	500,362
Recruitment	-	5,188	448	447	-	-	230	-	6,313
Service delivery costs	-	1,103	-	-	7,043	-	-	-	8,146
Payroll and financial management service bad debts	-	-	-	-	-	-	-	-	-
	=	<u>179,129</u>	<u>158,698</u>	<u>43,510</u>	<u>87,481</u>	<u>12,149</u>	<u>16,121</u>	<u>17,733</u>	<u>514,821</u>

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

Staff costs [staff time]	-	83,388	29,815	31,745	-	-	-	-	144,948
Premises costs [floor area; per capita]	-	31,656	2,681	7,533	3,612	419	675	628	47,204
Office and administration [usage; per capita]	-	48,035	7,608	12,923	10,639	514	668	682	81,069
Bank charges [usage; per capita]	-	988	1,075	376	-	-	-	-	2,439
Audit fee [usage; per capita]	-	2,918	3,037	1,107	-	-	-	-	7,062
Contribution (from)/ to projects and core activities	-	(72,579)	-	-	46,292	10,108	10,201	5,978	-
Depreciation [usage; per capita]	=	<u>567</u>	<u>617</u>	<u>216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400</u>
	=	<u>94,973</u>	<u>44,833</u>	<u>53,900</u>	<u>60,543</u>	<u>11,041</u>	<u>11,544</u>	<u>7,288</u>	<u>284,122</u>
	=	<u>274,102</u>	<u>203,531</u>	<u>97,410</u>	<u>148,024</u>	<u>23,190</u>	<u>27,665</u>	<u>25,021</u>	<u>798,943</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		

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (Continued)

### 5. TOTAL EXPENDITURE (continued)

#### 31 March 2021 Comparative figures

	RF	<	EXPENDITURE ON CHARITABLE ACTIVITIES								>
	£	ILS	PAY	GV	RD	COPD	WM	SMS	WB	RS	
		£	£	£	£	£	£	£	£	£	
Costs directly allocated to activities											
Staff and temporary staff	12,305	152,336	187,843	46,795	80,913	14,713	20,762	18,026	-	-	
Recruitment	-	312	6,095	247	735	-	178	-	-	-	
Service delivery costs	-	2,376	-	4	15,047	-	488	4	-	-	
Payroll and financial management service bad debts	-	-	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>-</u>	<u>-</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		

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (Continued)

### 6. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment £	Total £
<b>COST</b>		
At 1 April 2021	72,038	72,038
Additions	4,623	4,623
Disposals	(-)	(-)
At 31 March 2022	<u>76,661</u>	<u>76,661</u>
<b>DEPRECIATION</b>		
At 1 April 2021	70,237	70,237
Charge for year	1,400	1,400
Disposals	(-)	(-)
At 31 March 2022	<u>71,637</u>	<u>71,637</u>
<b>NET BOOK VALUE</b>		
At 31 March 2022	<u><b>£5,024</b></u>	<u><b>£5,024</b></u>
At 31 March 2021	<u><b>£1,801</b></u>	<u><b>£1,801</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

	2022 £	2021 £
Amounts falling due within one year:		
Payroll and financial management service debtors	15,475	12,841
Accrued income	28,289	13,705
Other debtors	151	-
Prepayments	<u>6,557</u>	<u>12,655</u>
	<u><b>£50,472</b></u>	<u><b>£39,201</b></u>

### 8. CREDITORS

Amounts falling due within one year:		
Payroll taxes	-	12,727
Accruals	18,687	26,153
Deferred income	24,673	53,279
Other creditors	<u>14,557</u>	<u>1,732</u>
	<u><b>£57,917</b></u>	<u><b>£93,891</b></u>

Movement in deferred income comprises:

Deferred income brought forward	53,279	24,925
Deferred income brought forward defrayed in year	(45,181)	(24,925)
Income received in year or receivable at year-end and deferred due to funder restrictions on defrayment	<u>16,574</u>	<u>53,279</u>
	<u><b>£24,672</b></u>	<u><b>£53,279</b></u>



# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (Continued)

### 9. MOVEMENT ON FUNDS

	At 01/04/21 £	Income £	Expenditure £	Net movement £	Transfers £	At 31/03/22 £
<b>Restricted Funds:</b>						
Right Direction 2 (Scottish Gov.)	25,572	143,802	(148,024)	(4,222)	-	21,350
COPD (NHS Lothian)	730	9,690	(9,690)	-	-	730
COPD (Other funders)	87	13,500	(13,500)	-	-	87
Welfare Matters (Various funders)	652	42,732	(27,665)	15,067	-	15,719
Self-Management Support (Various)	196	47,295	(25,021)	22,274	-	22,470
Total restricted	<u>27,237</u>	<u>257,019</u>	<u>(223,900)</u>	<u>33,119</u>	<u>-</u>	<u>60,356</u>
<b>Unrestricted Funds:</b>						
Undesignated funds						
General fund	<u>285,206</u>	<u>636,071</u>	<u>(575,043)</u>	<u>61,028</u>	<u>-</u>	<u>346,234</u>
Total undesignated	<u>285,206</u>	<u>636,071</u>	<u>(575,043)</u>	<u>61,028</u>	<u>-</u>	<u>346,234</u>
Total unrestricted	<u>285,206</u>	<u>636,071</u>	<u>(575,043)</u>	<u>61,028</u>	<u>-</u>	<u>346,234</u>
<b>TOTAL FUNDS</b>	<b><u>£312,443</u></b>	<b><u>£893,090</u></b>	<b><u>£(798,943)</u></b>	<b><u>£94,147</u></b>	<b><u>£-</u></b>	<b><u>406,590</u></b>

Further information on the purpose of each restricted fund is provided at page 10 of the report of the directors.

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

Funders of Welfare Matters comprise City of Edinburgh Council on behalf of Edinburgh Integrated Joint Board, Agnes Hunter Trust, Queensberry House Trust and the National Lottery Awards for All.

Funders of Self-management comprise NHS Lothian, Scottish Government and the National Lottery Awards for All.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (Continued)

### 9. MOVEMENT ON FUNDS (continued)

#### 31 March 2021 Comparative figures

	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 10 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.

### 10. LEASE AGREEMENTS

Minimum lease payments under operating leases fall due as follows:

	2022 Land and buildings £	2022 Office equipment £	2021 Land and buildings £	2022 Office equipment £
Within one year	22,219	4,795	21,279	4,795
Between one and five years	-	11,988	-	16,783
After five years	-	-	-	-
	<u>£22,219</u>	<u>£16,783</u>	<u>£21,279</u>	<u>£21,578</u>



# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (Continued)

### 11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

	Unrestricted funds £	Restricted funds £	2022 Total £	Unrestricted funds £	Restricted funds £	2021 Total £
Fixed assets	5,024	-	5,024	1,801	-	1,801
Net current assets	<u>341,210</u>	<u>60,356</u>	<u>401,566</u>	<u>283,405</u>	<u>27,237</u>	<u>310,642</u>
	<b><u>£346,234</u></b>	<b><u>£60,356</u></b>	<b><u>£406,590</u></b>	<b><u>£285,206</u></b>	<b><u>£27,237</u></b>	<b><u>£312,443</u></b>

### 12. CONTINGENT LIABILITY

LCiL currently is in negotiation 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 previously contended that this 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 2021 of one of the parties in that case the directors of LCiL continued its appeal. It is once again sisted pending the outcome of the above mentioned negotiations.

The directors are of the opinion that potential 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 2022 these client account balances totalled £2,495,289 (2021 £1,744,277). 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 2022 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 2022 (Continued)

#### 16. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash at bank and in hand	<u>£409,011</u>	<u>£365,332</u>

#### 17. CASH FLOWS FROM OPERATING ACTIVITIES

	2022	2021
	£	£
Net income/ (expenditure) for the year	94,148	56,877
Depreciation	1,400	817
(Increase)/ decrease in debtors	(11,271)	30,907
Increase/ (decrease) in creditors	<u>(35,975)</u>	<u>32,859</u>
	<u>£48,302</u>	<u>£121,460</u>

#### 18. RELATED PARTY TRANSACTIONS

During the year unrestricted donation income totalling £512 (2021 £10,000) was received from related parties.