

Company number SC129392
Charity number SC017954

LOTHIAN CENTRE FOR INCLUSIVE LIVING

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023

BROWN, SCOTT & MAIN
Chartered Accountants and Statutory Auditor

LOTHIAN CENTRE FOR INCLUSIVE LIVING

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LOTHIAN CENTRE FOR INCLUSIVE LIVING

COMPANY INFORMATION

CONVENOR

Jeffrey Adamson

OTHER DIRECTORS

Elizabeth Pearston
Elizabeth Adamson
Dugald McArthur
Balkishan Agrawal
Eleanor Orr

CHIEF EXECUTIVE

Gabrielle Nolan

TREASURER

Elizabeth 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 2023 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 (HMRC) 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. The Chief Executive attends and reports to these meetings but has no voting rights. The Operations Manager attends in the capacity of Company Secretary, and also has 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 if applicable. 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

LCiL continues to operate in an ever changing and competitive external environment. Whilst there was a gradual return to a new ‘normal’ following the Covid 19 pandemic, the longer term impacts are still being seen. The Cost of Living crisis has also had a wide ranging impact. Financial uncertainty continues. Expectations of Funders and Service Users are evolving in different ways and LCiL needs to be able to adapt and respond to these developments.

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 longer term options. 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 users’ feedback on services received. The Fundraising Strategy continues to generate 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 contributes 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 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.

Staff turnover within the organisation, particularly at senior level, also presents risk and requires careful management. The Chief Executive left the organisation in October 2022 to take on a new role within the Sector. An interim Chief Executive was appointed to manage the organisation and assist in the recruitment of a permanent replacement. This was successfully achieved and the role was filled in April 2023 as planned.

LCiL’s policies are regularly reviewed to ensure that they are up to date, correctly implemented and monitored. Directors have the opportunity to provide input to these reviews.

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
- Staff matters

The organisation has been moving towards hybrid working arrangements for most staff, balancing needs of the staff, the organisation and the service users. It continues to successfully operate an accessible suite of services, ensuring that the highest level of support is offered to those who need it most when it is needed most.

Staff wellbeing and mental health continues to be a priority, with a number of initiatives in place to ensure that training and support is available to all.

LOTHIAN CENTRE FOR INCLUSIVE LIVING

REPORT OF THE DIRECTORS (CONTINUED)

In response to the Cost of Living crisis a one off payment was made to all staff. This was a payment of £750 made to staff; prorated depending on how many hours' staff worked per week.

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

2022–2023 continued to be a year of significant change and challenge for the organisation and the wider world as we moved beyond the restrictions of Covid-19. In many cases the impact of the pandemic was felt most acutely by disabled people, people with long term health conditions and older people, some of which continues today. Our organisation continues to be a significant source of support to disabled people, their families and carers in Edinburgh and the Lothians, offering a range of independent, person-centred and specialist services.

In this year, Lyn Pomaro stepped down from her role as Chief Executive in October. An Interim Chief Executive, Karen McFadyen was appointed to manage the organisation and assist in the recruitment of a permanent replacement. We were very pleased to welcome Gabrielle Nolan to this role in April 2023.

As the organisation transitioned through the phases of the pandemic and moved beyond many of its limitations, staff adapted to a hybrid-working pattern with some time spent working in the office and some days at home. This has provided flexibility for staff whilst enabling us to offer a menu for disabled people to access the services and support they need, including in-person appointments, home visits, telephone calls, and online engagement.

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 continued to be involved in national developments and to be recognised as experts in its field. Informed by the people it supports, LCIL influences local and national policies and practices in partnership with other Disabled People's Organisations (DPOs), the wider third sector, statutory agencies and the private sector.

LCIL continued 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. In this year, LCIL contributed to consultation on the development of the National Care Service Framework and Bill, attending meetings and network discussions, and by submitting written responses. We continued to be involved in the Social Work Scotland National Standards Implementation Group attending meetings and providing insight from the lived experience of people we support.

LOTHIAN CENTRE FOR INCLUSIVE LIVING

REPORT OF THE DIRECTORS (CONTINUED)

Locally, the organisation continued to work in partnership with Edinburgh and Lothian local authorities, other DPOs and voluntary sector partners, to deliver independent advice, information and support and to advocate for person-centred delivery and implementation of Self-Directed Support. In this period, we successfully completed a multi-year tender bid for East Lothian Council for LCIL's Independent Living Service and Financial Management Service (FMS). The organisation continues to work collaboratively with local partner organisations, forums and networks across the sector to lead on and contribute to best practice and consultation input.

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

The organisation continued to support disabled people who are employers of Personal Assistants (PAs). LCIL's Independent Living Service, Payroll and FMS, and Peer Support and Learning services each played an important role, working in partnership with local authorities and others, in empowering disabled people to understand and meet their responsibilities as employers confidently.

In addition to this, with continued support from the Scottish Government Support in the Right Direction (SIRD) funding, we continued to develop our menu of support to offer disabled people, their families and carers peer support, delivering user-led group work in Edinburgh and the Lothians.

In the 2022 service user satisfaction survey people said:

- “LCIL is a great service, without it I wouldn't be here. Pure and simple.”
 - “There is no other service out there that can help me manage my care. The staff are very effective, knowledgeable and approachable.”
 - “Really responsive and individualised support and advice.”
- Furthermore, 72.37% agreed or strongly agreed that support from LCIL had helped to improve their choices and given them more control in their life.

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 continually challenging environment. We offer a blended approach to service delivery with LCIL teams operating and delivering services in fully flexible ways; remotely from home, in the LCIL offices and online.

Review of the year by services.

Funding continued to be challenging moving out of the Covid-19 restrictions. Many funders who could be more flexible with emergency and crisis funding and how organisations used their funding during the height of the pandemic, now had to respond to the impact of it across the wider economic landscape and the challenges this still poses. The uncertainty of future funding can have an impact on recruitment and longer-term organisational planning. Recruitment in particular, has been challenging.

During the year, some LCIL teams were affected by delays in recruitment. Where necessary to maintain service delivery, additional temporary support was put in place where possible; most often gaps in resources were managed by existing staff and volunteers.

Despite these challenges, teams performed well and continued to deliver a high quality of service as borne out by feedback from service users, funders, partners, and through the annual service user survey.

LOTHIAN CENTRE FOR INCLUSIVE LIVING

REPORT OF THE DIRECTORS (CONTINUED)

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 and compliance with employment legislation
- liaising with local authority departments and other appropriate organisations
- providing safe recruitment guidance
- identifying areas of wider need and referring to appropriate services within the organisation e.g. Grapevine, Peer Support groups etc.

In 2022-2023, ILS supported 719 people on a one-to-one basis (a slight decrease of 39 people on last year)

City of Edinburgh	410
East Lothian	134
Midlothian	82
West Lothian	86
Other	7
	719

ILS worked with a number of organisations in different ways – Edinburgh Voluntary Organisations Council (EVOOC), Voices of Carers across Lothians (VOOCAL), Inclusion Scotland, Scottish Government, Disclosure Scotland, The Royal National Institute of Blind People (RNIB) and Self-Directed Support Scotland (SDSS).

Grapevine Disability Information Service

The Grapevine Disability Information Team continued to offer a comprehensive advice and information service for disabled people, people with long-term conditions and older people in 2022 – 2023. With the easing and removal of COVID-19 restrictions throughout Scotland during this period, the Grapevine team were pleased to further increase the accessibility of our services by resuming face-to-face appointments while continuing to offer alternative methods of contact such as telephone, Zoom video call, and email.

In this period, we supported 377 unique service users with 968 separate enquiries covering 1,459 individual advice topics. The Grapevine Team additionally organised and delivered seven Information Sessions on new disability benefits in Scotland for service users and professionals in this period with 56 individuals attending. We continued to build on our partnership working with Edinburgh Health and Social Care, local Job Centres and NHS Lothian in this period to share best practice and streamline referral pathways. Overall service user satisfaction with the Grapevine remained high this year with 100% of survey responders indicating they agree or strongly agree that overall they were satisfied with the service they received from the Grapevine team.

The Grapevine team experienced some staff turnover early in the year with the departure of the Project Coordinator and an Information Officer in May 2022. Both posts were filled by June 2022 with a combination of internal and external recruitment resulting in minimal service disruption.

LOTHIAN CENTRE FOR INCLUSIVE LIVING

REPORT OF THE DIRECTORS (CONTINUED)

Peers Support and Learning Programme

Over the past year, the Peer Support and Learning (PSL) programme (formerly the SDS Development Programme) has consistently delivered peer support groups and workshops across the year.

In particular, the team has delivered:

- 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.
- Workshops, including “Introduction to Self-Directed Support” and “Preparing for Meetings and Assessments”.
- Ongoing Champion involvement and participation wherever possible to ensure the lived experience of individuals is at the centre of the PSL team’s work.
- An issue of the LCiL Lothian Disability News (a quarterly newsletter with hundreds of subscribers) focussed on the PSL Team and their activity

The numbers of people who regularly attend each of our events, are as follows:

Event Type	Total number of SUs:
West Lothian PSG	9
Edinburgh PSG	20
Online Disabled People PSG	10
Parent Carer of Young Disabled Child PSG	12
Parent Carer of Adult Children PSG	10
PA Employer Forum	7
Workshops	7

Champions Programme

Our 12 Champions continue to be really enthusiastic in their role as volunteers in sharing their lived experience as disabled people. The Champions continue to show that they bring key skills and experience to LCiL. The Champions describe the programme as being “supportive”, “informative”, “empowering”, “inspiring” and “useful”.

Champions meetings with all Champions in attendance have been taking place on average once every three months.

Our Champions also were recipients of an Inspiring Volunteers award, for all their hard work as a team in volunteering to share their lived experiences.

Opportunities Champions participated in includes:

- A short film by The Times about the cost of living crisis.
- A talk delivered to vision rehabilitation staff at Guide Dogs about SDS.
- An Edinburgh Health and Social Care Partnership engagement event about SDS implementation in Edinburgh.
- Disability Equality Training delivered by LCiL staff.
- Preparation for delivering a Napier University Masters Social Work Induction lecture in early 2024.
- Training on Peer Facilitation to three of our Champions, who went on to co-facilitate ten peer support groups alongside the PSL team.

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 HMRC and operates as a helpline for disabled employers.

A total of 624 disabled employers made use of the payroll service. Of these 624 service users (SUs) 200 also accessed the Financial Management Service. The following table gives a breakdown by Local Authority

Local Authority	Total Payrolls	Standard Payroll SUs	FMS Payroll SUs	Non - Payroll SUs	New Standard Payroll SUs	New FMS Payroll SUs	Standard Payroll Cessations	FMS Payrolls Cessations	No. of PA's (at any one point in year)
Midlothian	101	80	20	1	12	2	9	1	170
West Lothian	136	94	42	0	13	3	7	1	207
East Lothian	121	88	30	3	27	3	11	2	190
Edinburgh	282	176	74	32	12	3	9	3	515
Total	640	438	166	36	64	11	36	7	1082

Self-Management Support Service

During the financial year 2022 to 2023, the Self-Management Service supported 40 Edinburgh residents and secured funding to extend its reach to clients based out in Midlothian. This involved a lot of promotional work for the service and ultimately involved delivering a series of Peer Support sessions to seven people who had completed a Lifestyle Management Course through the Thistle Foundation.

Unlike many LCIL services, the SMS service supports people over a 3 month period. It does this through having meaningful, person-centred conversations to support clients to:

- Connect to appropriate community supports and services
- Access resources to gain a better understanding of their long-term health condition
- Assist clients to develop action plans which will result in better health and wellbeing outcomes
- Identify strategies which will help clients to manage their emotional and physical challenges better

The service is person-centred and aims to help clients feel more knowledgeable, confident and positive about their 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. Positive feedback includes: "I think more positively about things. I try to manage my pain better which helps me sleep better. The information and support have been invaluable."

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. 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.

Finally, the SMS Worker continued its work with the Long Term Conditions Team (who had been its original funders) on pieces of work such as the Practitioner Self-Management Toolkit.

LOTHIAN CENTRE FOR INCLUSIVE LIVING

REPORT OF THE DIRECTORS (CONTINUED)

FINANCIAL REVIEW

At 31 March 2023 the charity's net assets were £457,642 (2022 £406,590) comprising an accumulated surplus on unrestricted funds of £305,873 (2022 £346,234) and an accumulated surplus on restricted funds of £151,769 (2022 £60,356). 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 – 2022/23

The City of Edinburgh Council (CEC) 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 originally extended their current ILS contract by one year to 31 December 2023, and have recently confirmed that they will probably extend it to September 2024 to allow a full tender process to be undertaken. They are planning to create a new service specification by December 2023 and thereafter commencing procurement for the new contract.
- Midlothian is currently on a year on year basis.
- West Lothian began in April 2022 and is for 4 years with an option to extend for a further 48 months.
- We successfully tendered for the ILS contract for East Lothian which expired on 31/3/2023. We now have a three-year contract in place with the option to extend for an additional two years.
- 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. Currently fees paid by LCIL Payroll service users in Edinburgh are enhanced by City of Edinburgh Council to ensure full funding is provided to DP recipients. 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), originally 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.
- Self-Management – funding from Edinburgh Voluntary Organisation Council (EVOOC)
- Clothworkers Foundation – Capital Funding for New Server

LOTHIAN CENTRE FOR INCLUSIVE LIVING

REPORT OF THE DIRECTORS (CONTINUED)

Although LCiL has experienced a challenging year, with the impact of the pandemic and the cost of living crisis continuing, we have had several successes with funding decisions. For April 2022 – March 2023 we were awarded 15 grants totalling £40,250. For 2023-2024 we have at the date of this report been awarded £128,656 from 18 grants. Most grants awarded are for a period of one year. However, in October 2022 we were awarded a 3-year grant of £131,305 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.

Funding applications continue to be prepared and targeted at other key funders including smaller Trusts and Foundations to supplement the core services and to develop new services in response to an identified need. As previously noted, it is clear that raising funds is becoming increasingly difficult in the current environment. It takes much time and resource to identify, complete and submit many funding applications throughout the year, often with tighter criteria and uncertainty of success due to shrinking resources and increased competition. We are grateful for the support of our funders.

The Directors and senior management continue to keep abreast of the ever-changing environment LCiL operates in and are prepared for further changes especially in statutory 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 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 Peer Support and Learning Programme. 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 a user-led focus with a view to ultimately delivering services where LCiL members and service users themselves identify a need for, rather than those judged necessary or suitable by funders.

The fundamental aim of the organisation is to continue to provide the services which disabled people require to empower them to live independently in the community of their choice.

Statement of directors' responsibilities

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

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

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

LOTHIAN CENTRE FOR INCLUSIVE LIVING

REPORT OF THE DIRECTORS (CONTINUED)

Directors

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

Jeff Adamson	Convenor
Liz Pearston	Treasurer
John Ballantine	(Deceased 29 August 2022)
Elizabeth Adamson	
Dugald McArthur	
Balkishan Agrawal	
Eleanor Orr	(Appointed 24 April 2023)

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 2023 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 2023 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 Pearceston

E L PEARSTON, DIRECTOR

25th January 2024

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 2023 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 2023 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.

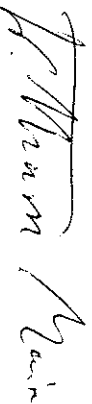
We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates were indicative of a potential bias; and evaluating the rationale of any significant transactions 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. 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
91 West Savile Terrace

Edinburgh
W Main

W Main 2024
Brown, Scott & Main is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

LOTHIAN CENTRE FOR INCLUSIVE LIVING

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted funds	Restricted funds	2023 Total	Unrestricted funds	Restricted funds	2022 Total
		£	£	£	£	£	£
Income from:							
Donations and legacies		<u>11,678</u>	-	<u>11,678</u>	<u>10,510</u>	-	<u>10,510</u>
Donations							
Income from investments							
Bank interest		<u>2,623</u>	-	<u>2,623</u>	<u>194</u>	-	<u>194</u>
Income from charitable activities							
Grants	3	<u>32,265</u>	<u>246,667</u>	<u>278,932</u>	<u>21,878</u>	<u>214,021</u>	<u>235,899</u>
Service level agreements	3	<u>390,176</u>	<u>12,132</u>	<u>402,308</u>	<u>360,627</u>	<u>42,998</u>	<u>403,625</u>
Payroll and financial management fees		<u>232,627</u>	-	<u>232,627</u>	<u>240,264</u>	-	<u>240,264</u>
Consultancy fees and other income		<u>7,590</u>	-	<u>7,590</u>	<u>2,598</u>	-	<u>2,598</u>
		<u>662,658</u>	<u>258,799</u>	<u>921,457</u>	<u>625,367</u>	<u>257,019</u>	<u>882,386</u>
Total income		<u>676,959</u>	<u>258,799</u>	<u>935,758</u>	<u>636,071</u>	<u>257,019</u>	<u>893,090</u>
Expenditure on:							
Raising funds		-	-	-	-	-	-
Charitable activities		<u>717,320</u>	<u>167,386</u>	<u>884,706</u>	<u>575,043</u>	<u>223,900</u>	<u>798,943</u>
Total expenditure	5	<u>717,320</u>	<u>167,386</u>	<u>884,706</u>	<u>575,043</u>	<u>223,900</u>	<u>798,943</u>
Net (expenditure)/ income		<u>(40,361)</u>	<u>91,413</u>	<u>51,052</u>	<u>61,028</u>	<u>33,119</u>	<u>94,147</u>
Transfers between funds		-	-	-	-	-	-
Net movement in funds		<u>(40,361)</u>	<u>91,413</u>	<u>51,052</u>	<u>61,028</u>	<u>33,119</u>	<u>94,147</u>
Reconciliation of funds:							
Total funds brought forward	9	<u>346,234</u>	<u>60,356</u>	<u>406,590</u>	<u>285,206</u>	<u>27,237</u>	<u>312,443</u>
Total funds carried forward	9	<u>£305,873</u>	<u>£151,769</u>	<u>£457,642</u>	<u>£346,234</u>	<u>£60,356</u>	<u>£406,590</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 29 form part of these financial statements

LOTHIAN CENTRE FOR INCLUSIVE LIVING

BALANCE SHEET AS AT 31 MARCH 2023

Company number SC129392

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		£	£
Fixed assets			
Tangible assets	6	<u>5,476</u>	<u>5,024</u>
Current assets			
Debtors	7	52,990	50,472
Cash at bank and in hand		<u>451,412</u>	<u>409,011</u>
		<u>504,402</u>	<u>459,483</u>
Liabilities			
Creditors falling due within one year	8	<u>52,236</u>	<u>57,917</u>
Net current assets		<u>452,166</u>	<u>401,566</u>
Total assets less current liabilities		457,642	406,590
Creditors falling due after one year		-	-
Net assets		<u>£457,642</u>	<u>£406,590</u>
Funds of the charity:			
Unrestricted income funds	9	305,873	346,234
Restricted income funds	9	<u>151,769</u>	<u>60,356</u>
		<u>£457,642</u>	<u>£406,590</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 18 to 29 were approved by the Board of Directors on 27 January 2024 and signed on its behalf by:

<i>EL Pearson</i>	<i>Elizabeth Adamson</i>
EL PEARSTON	ELIZABETH ADAMSON
DIRECTOR	DIRECTOR

The notes on pages 18 to 29 form part of these financial statements

LOTHIAN CENTRE FOR INCLUSIVE LIVING

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		£	£
Cash flows from operating activities:			
Net cash provided/ (utilised) by operating activities	17	44,873	48,302
Cash flows from investing activities:			
Purchase of tangible fixed assets		(2,472)	(4,623)
Change in cash and cash equivalents in the reporting period		42,401	43,679
Cash and cash equivalents at the beginning of the reporting period		409,011	365,332
Cash and cash equivalents at the end of the reporting period	16	<u>£451,412</u>	<u>£409,011</u>

The notes on pages 18 to 29 form part of these financial statements

LOTHIAN CENTRE FOR INCLUSIVE LIVING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 2023 (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 2023 (Continued)

2. NET INCOMING RESOURCES FROM ORDINARY ACTIVITIES

	2023	2022
	£	£
Net incoming resources from ordinary activities is stated after charging:		
Depreciation	2,020	1,400
Operating lease charges – land and buildings	51,480	42,432
Operating lease charges – office equipment	4,368	5,211
Auditors' remuneration for audit services	5,500	5,500
Auditors' remuneration for non-audit services	<u>1,700</u>	<u>1,700</u>

3. GRANT AND SERVICE LEVEL AGREEMENT INCOME

	2023	2023	2023	2022	2022	2022
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
Government grants						
City of Edinburgh Council on behalf of Edinburgh Integrated Joint Board	-	20,877	20,877	-	20,269	20,269
Scottish Government	-	<u>148,024</u>	<u>148,024</u>	-	<u>152,789</u>	<u>152,789</u>
		<u>168,901</u>	<u>168,901</u>		<u>173,058</u>	<u>173,058</u>
Other grants						
Agnes Hunter Trust	-	-	-	-	4,993	4,993
Queensberry House Trust	-	-	-	-	7,470	7,470
The Robertson Trust	-	8,000	8,000	-	8,000	8,000
The Souler Charitable Trust	-	-	-	-	3,000	3,000
Edinburgh Voluntary Org Council	-	16,574	16,574	-	-	-
Rotary Club of Edinburgh	500	-	500	-	-	-
Saints and Sinners Club of Scotland	-	-	-	1,000	-	1,000
Nimar Charitable Trust	-	-	-	5,000	-	5,000
The Maple Trust	-	-	-	-	2,500	2,500
Cruden Foundation	500	-	500	-	-	-
Lady Marion Gibson Trust	2,000	-	2,000	-	-	-
Paristamen charity	750	-	750	-	-	-
AABIE Charitable Trust	2,865	-	2,865	-	-	-
Thistledown Trust	2,000	-	2,000	-	-	-
Clockworkers Foundation	-	10,000	10,000	-	-	-
Constance Paterson Charitable Trust	4,000	-	4,000	-	-	-
Hugh Fraser Charitable Trust	5,000	-	5,000	-	-	-
John Kirkhope Young Endowment	1,000	-	1,000	-	-	-
Anton Jurgens Charitable Trust	3,000	-	3,000	-	-	-
M&G Investments	-	2,000	2,000	-	-	-
Marsh Charitable Trust	500	-	500	-	-	-
Mary Andrew Trust	500	-	500	-	-	-
National Lottery	7,150	41,192	48,342	-	10,000	10,000
Edward Gosling Foundation	-	-	-	-	5,000	5,000
Kuenssberg Charitable Foundation	500	-	500	-	-	-
Sir Jules Thorn Charitable Trust	1,000	-	1,000	1,000	-	1000
Cruden Foundation	500	-	500	500	-	500
Scottish Council for Voluntary Organisations (SCVO)	-	-	-	14,378	-	14,378
Ward Family Charitable	500	-	500	-	-	-
	<u>32,265</u>	<u>77,766</u>	<u>110,031</u>	<u>21,878</u>	<u>40,963</u>	<u>62,841</u>
Total grants	<u>£32,265</u>	<u>£246,667</u>	<u>£278,932</u>	<u>£21,878</u>	<u>£214,021</u>	<u>£235,899</u>

LOTHIAN CENTRE FOR INCLUSIVE LIVING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

3. GRANT AND SERVICE LEVEL AGREEMENT INCOME (continued)

Service level agreements	2023		2022		2023 Total	2022 Total
	Unrestricted	Restricted	Unrestricted	Restricted		
City of Edinburgh Council	298,806	-	270,757	-	270,757	-
West Lothian Council	38,000	-	36,500	-	36,500	-
East Lothian Council	32,076	-	32,076	-	32,076	-
Midlothian Council	21,294	-	21,294	-	21,294	-
NHS Lothian Self-Management	-	-	-	33,308	-	33,308
NHS Lothian COPD	-	12,132	-	9,690	12,132	9,690
	<u>£390,176</u>	<u>£12,132</u>	<u>£402,308</u>	<u>£360,627</u>	<u>£42,998</u>	<u>£403,625</u>

4. EMPLOYEES AND DIRECTORS

Details of staff costs are as follows:

	2023	2022
Gross salaries	£ 568,040	£ 560,508
Employer's national insurance	39,776	37,338
Defined contribution pension scheme cost	39,992	39,968
	<u>£647,808</u>	<u>£637,814</u>

No remuneration was paid to and no benefits were provided to directors during the year (2022 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:

	2023	2022
Management	Number 3	Number 3
Staff for managed projects	25	25
Administration	<u>1</u>	<u>1</u>
	<u>29</u>	<u>29</u>

During the year the company paid no expenses on behalf of directors (2022 £nil).

Employee and employer contributions totalling £5,911 (2022 £14,557) 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 £65,790 (2022 £74,056)

LOTHIAN CENTRE FOR INCLUSIVE LIVING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

5. TOTAL EXPENDITURE

	EXPENDITURE ON CHARITABLE ACTIVITIES								
	<								>
	RF	ILS	PAY	GV	RD	COPD	WM	SMS	2023
	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities									
Staff and temporary staff	-	198,678	166,488	60,290	68,016	13,456	13,528	24,501	544,957
Recruitment	-	10,561	3,320	3,320	2,109	420	420	840	20,990
Service delivery costs	-	-	-	-	-	-	-	-	-
Payroll and financial management service bad debts	-	-	-	-	-	-	-	-	-
	-	<u>209,239</u>	<u>169,808</u>	<u>63,610</u>	<u>70,125</u>	<u>13,876</u>	<u>13,948</u>	<u>25,341</u>	<u>565,947</u>
Support costs allocated to activities [basis of allocation]									
Staff costs [staff time]	-	84,358	28,215	33,485	-	-	-	-	146,058
Premises costs [floor area; per capita]	-	31,656	6,957	7,533	3,612	419	675	628	51,480
Office and administration [usage; per capita]	-	39,647	15,385	11,065	34,913	2,661	587	601	104,859
Bank charges [usage; per capita]	-	3,122	3,357	663	-	-	-	-	7,142
Audit fee [usage; per capita]	-	2,975	3,096	1,129	-	-	-	-	7,200
Contribution (from)/ to projects and core activities	-	-	-	-	-	-	-	-	-
Depreciation [usage; per capita]	-	750	975	295	-	-	-	-	2,020
	-	<u>162,508</u>	<u>57,985</u>	<u>54,170</u>	<u>38,525</u>	<u>3,080</u>	<u>1,262</u>	<u>1,229</u>	<u>318,759</u>
	=	<u>371,747</u>	<u>227,793</u>	<u>117,780</u>	<u>108,650</u>	<u>16,956</u>	<u>15,210</u>	<u>26,570</u>	<u>884,706</u>

Amounts classified above as staff costs include employment costs of £647,808 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 2023 (Continued)

5. TOTAL EXPENDITURE (continued)

31 March 2022 Comparative figures

	<	EXPENDITURE ON CHARITABLE ACTIVITIES						>	
	RF	ILS	PAY	GV	RD	COPD	WM	SMS	2022
	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities									
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 £637,814 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 2023 (Continued)

6. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment	Total
	£	£
COST		
At 1 April 2022	76,661	76,661
Additions	2,472	2,472
Disposals	<u>(-)</u>	<u>(-)</u>
At 31 March 2023	79,133	79,133
DEPRECIATION		
At 1 April 2022	71,637	71,637
Charge for year	2,020	2,020
Disposals	<u>(-)</u>	<u>(-)</u>
At 31 March 2023	73,657	73,657
NET BOOK VALUE		
At 31 March 2023	<u>£5,476</u>	<u>£5,476</u>
At 31 March 2022	<u>£5,024</u>	<u>£5,024</u>

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

7. DEBTORS

Amounts falling due within one year:	2023	2022
Payroll and financial management service debtors	£ 10,850	£ 15,475
Accrued income	20,487	28,289
Other debtors	15,096	151
Prepayments	6,557	6,557
	<u>£52,990</u>	<u>£50,472</u>

8. CREDITORS

Amounts falling due within one year:		
Payroll taxes	7,738	-
Accruals	19,045	18,687
Deferred income	8,098	24,673
Other creditors	17,355	14,557
	<u>£52,236</u>	<u>£57,917</u>

Movement in deferred income comprises:		
Deferred income brought forward	24,672	53,279
Deferred income brought forward defrayed in year	(16,574)	(45,181)
Income received in year or receivable at year-end and deferred due to funder restrictions on defrayment	<u>£8,098</u>	<u>£24,672</u>
	-	16,574
	<u>£8,098</u>	<u>£24,672</u>

LOTHIAN CENTRE FOR INCLUSIVE LIVING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

9. MOVEMENT ON FUNDS	At	Income	Expenditure	Net movement	Transfers	At
	01/04/22					31/03/23
	£	£	£	£	£	£
Restricted Funds:						
Right Direction 2 (Scottish Gov.)	21,350	148,024	(108,650)	39,374	-	60,724
COPD (NHS Lothian)	730	12,132	(12,132)	-	-	730
COPD (Other funders)	87	17,247	(4,824)	12,423	-	12,510
Capital project	-	14,400	-	14,400	-	14,400
Welfare Matters	15,719	30,877	(15,210)	15,667	-	31,386
Self-Management Support (Various)	<u>22,470</u>	<u>36,119</u>	<u>(26,570)</u>	<u>9,549</u>	-	<u>32,019</u>
Total restricted	<u>60,356</u>	<u>258,799</u>	<u>(167,386)</u>	<u>91,413</u>	-	<u>151,769</u>
Unrestricted Funds:						
Undesignated funds						
General fund	346,234	676,959	(717,320)	(40,361)	=	305,873
Total undesignated	<u>346,234</u>	<u>676,959</u>	<u>(717,320)</u>	<u>(40,361)</u>	=	<u>305,873</u>
Total unrestricted	<u>346,234</u>	<u>676,959</u>	<u>(717,320)</u>	<u>(40,361)</u>	=	<u>305,873</u>
TOTAL FUNDS	<u>£406,590</u>	<u>£935,758</u>	<u>£(884,706)</u>	<u>£51,052</u>	<u>£-</u>	<u>457,642</u>

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 2023 (Continued)

9. MOVEMENT ON FUNDS (continued)

31 March 2022 Comparative figures

	At 01/04/21 £	Income £	Expenditure £	Net movement £	Transfers £	At 31/03/22 £
Restricted Funds:						
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>60,356</u>
Unrestricted Funds:						
Undesignated funds						
General fund	<u>285,206</u>	<u>636,071</u>	<u>(575,043)</u>	<u>61,028</u>	-	<u>346,234</u>
Total undesignated	<u>285,206</u>	<u>636,071</u>	<u>(575,043)</u>	<u>61,028</u>	-	<u>346,234</u>
Total unrestricted	<u>285,206</u>	<u>636,071</u>	<u>(575,043)</u>	<u>61,028</u>	-	<u>346,234</u>
TOTAL FUNDS	<u>£312,443</u>	<u>£893,090</u>	<u>£(798,943)</u>	<u>£94,147</u>	<u>£-</u>	<u>406,590</u>

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.

10. LEASE AGREEMENTS

Minimum lease payments under operating leases fall due as follows:

	2023	2023	2022	2022
	Land and buildings £	Office equipment £	Land and buildings £	Office equipment £
Within one year	22,560	4,795	22,219	4,795
Between one and five years	-	2,198	-	11,988
After five years	<u>£22,560</u>	<u>£6,993</u>	<u>£22,219</u>	<u>£16,783</u>

LOTHIAN CENTRE FOR INCLUSIVE LIVING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

	Unrestricted funds	Restricted funds	2023 Total	Unrestricted funds	Restricted funds	2022 Total
	£	£	£	£	£	£
Fixed assets	5,476	-	5,476	5,024	-	5,024
Net current assets	<u>300,397</u>	<u>151,769</u>	<u>452,166</u>	<u>341,210</u>	<u>60,356</u>	<u>401,566</u>
	<u>£305,873</u>	<u>£151,769</u>	<u>£457,642</u>	<u>£346,234</u>	<u>£60,356</u>	<u>£406,590</u>

12. CONTINGENT LIABILITY

LCiL currently remains in dispute with HM Revenue and Customs regarding the VAT treatment of its income from payroll and financial management services provided to service users in receipt of self-directed support. LCiL has contended 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 2021 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 remain of the opinion that this contingent liability cannot be reliably quantified at present due to the duration of the dispute and ongoing 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.

LOTHIAN CENTRE FOR INCLUSIVE LIVING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

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 2023 these client account balances totalled £3,049,261 (2022 £2,495,289). 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 2023 and 2022 is included in these financial statements within income from charitable activities.

16. CASH AND CASH EQUIVALENTS

	2023	2022
Cash at bank and in hand	£ <u>£451,412</u>	£ <u>£409,011</u>

17. CASH FLOWS FROM OPERATING ACTIVITIES

	2023	2022
Net income/ (expenditure) for the year	£ 51,052	£ 94,147
Depreciation	2,020	1,400
(Increase)/ decrease in debtors	(2,518)	(11,270)
Increase/ (decrease) in creditors	(5,681)	(35,975)
	£ <u>£44,873</u>	£ <u>£48,302</u>

18. RELATED PARTY TRANSACTIONS

During the year unrestricted donation income totalling £Nil (2022 -£512) was received from related parties.