

Lead Scotland

Report and audited financial statements

For the year ended 31 March 2019

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

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Reference and administrative details

Charity name	Lead Scotland
Registered company number	SC110186
Registered charity number	SC003949
Trustees	Donald Jarvie Tricia Illsley Paul Smith Beverley Smith (resigned 5 th February 2019) Colin Anderson Kevin Mallon Pamela Maxwell Ahmed Yousaf Andrew McMahon Sandra Wilson Anne Kidd (appointed 20 th August 2019) Senga Armstrong (appointed 20 th August 2019)
Company secretary	Colin Anderson
Registered office	525 Ferry Road Edinburgh EH5
Senior staff	Emma Whitelock, Chief Executive Officer Stephen Fernand, Regional Development Manager South Sarah Burton, Regional Development Manager North (from May 2018) Doreen O'Donnell, Finance & Administration Manager
Auditors	MHA Henderson Loggie Ground Floor, 11-15 Thistle Street Edinburgh EH2 1DF
Bankers	Co-operative Bank 1 Balloon Street Manchester M60 4EP
Solicitors	Lindsays VVS Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE

Board of directors' report

The Board of Directors of Lead Scotland is pleased to present its annual report together with the audited financial statements for the year ended 31 March 2019.

Vision and Mission statement

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

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

Organisational structure

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

The Objects in Lead Scotland's Memorandum are:

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

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

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

Board of directors' report *(continued)*

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

Strategic goals 2016-19

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

The Aims of our Strategic goals

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

Strategic Focus in Current Year (2018/19)

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

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

The importance of Lead's Volunteers

We are immensely grateful to 151 dedicated volunteers and 131 supporters who add tremendous value to the work of our organisation in this period, up from a combined total of 148 last year. We lowered the age of volunteering from 18 to 16 for specific roles, recognising that 52% of young people volunteer compared with 27% of the general population and are more likely to continue to volunteer through life. 21% of our volunteers are disabled people. We achieved reaccreditation for the external quality standard, Investing in Volunteers, in April 2019 for another 3 years, held continuously since 2005. We also hold the Volunteering Friendly Award in Dundee and North Lanarkshire. Our volunteers are involved in many different ways including:

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

Board of directors' report (continued)

Key management remuneration

Remuneration for Lead's key management personnel, Chief Executive Officer, Regional Development Manager North, Regional Development Manager South and Finance and Administration Manager totals, £157,169 inclusive of pension and national insurance contributions. Pay is set in line with Scottish Joint Council payscales and is agreed by the Board of Directors.

Review of the year

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

We met or exceeded all our project targets and we are extremely grateful for the continuing funding support from all our partners. We have strong partnerships with local authority partners for Lead's activities in Aberdeenshire, Dundee, Fife, Highland, North Lanarkshire and Perth and Kinross because we offer impactful, value for money services which continue to meet the gaps in services that they have identified locally through their local planning, consultation and involvement processes. We are delighted that the Robertson Trust have agreed to a further two years funding of our Moray Learning Project. A very good performance rating led to us successfully extending our National Third Sector Fund contract until June 2019. This year we also secured additional funding from the Scottish Government's Social Economy Growth Fund (SEGF) to develop a Digital Progression project in the north of Scotland, increasing our capacity with four new part-time staff members.

Our performance against our strategic objectives in 2018-19:

- We engaged and supported 382 disabled people and carers mostly one to one through our frontline services, up 13% compared with last year, exceeding our target of 370. 82% of learners tracked (24% of learners) said they were still using the skills they learned with Lead 3 and 6 months after moving on from Lead. *"Just thought I'd get in touch to let you know how I was getting on without you I wouldn't have made it to uni for a start. I passed all my assessments in the first semester so was really chuffed and very relieved! I just wanted to say thank you for all your help. I'm loving uni but know I wouldn't have been able to without your help."*
- We increased the number of calls to our national information service by 23% to 282, coming from 25 local authority areas across Scotland. 100% of callers tracked (27% response rate) reported positive experience, e.g.: *"Helpline advisor was very knowledgeable and helpful in assisting with my query. Sent info via email also. Would definitely call again. Responsive, positive and resourceful service."*
- The number of local authority areas within which we offer frontline services has increased by one to total nine with the addition of Aberdeen City, but we have been able to expand our service offer in Perth & Kinross, Aberdeenshire, Highland, Moray North Lanarkshire and Fife reaching more learners, securing a second befriending service in Fife.
- We have grown the number of contracts this year, resiliently attracting new and repeat funding which has resulted in modest financial growth within a challenging financial climate.

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

Review of the year *(continued)*

We have worked hard to bring more people together to influence national policy, responding to 11 consultations this year. We brought 100 disabled people & partners at four regional events to respond to the Scottish Government's draft social isolation strategy. We had speakers at two events talking about their experience of overcoming feelings of loneliness. We also brought 27 disabled people together across 3 events to participate in a discussion and contribute to the democracy matters government consultation.

Lead Scotland and the Scottish Funding Council set up the action focussed Improving Outcomes for Disabled Students forum, chaired by Lead's Chief Executive Officer. This committed forum of further and higher sector representatives, private sector, civil servants, disabled students and a parent is only national group focussed on improving experience and outcomes for disabled students.

At the time of writing we are midway through writing our next strategic plan, involving the people who use our services, partners and key influencers to make this plan as relevant as possible in the face of growing demand and a challenging financial climate. All our current services have waiting lists. Our staff are committed to continuous improvement, using self evaluation tools such as How Good is Our Third Sector Organisation and we are using our organisational intelligence to feed into the strategic planning process.

We are striving to create a fairer more equal Scotland through the provision of personalised lifelong learning and befriending services which help people to become more empowered, more connected, more informed, better educated and support people to get closer to work. During 2018-19 we continued to build on our commitment to support the learners we work with in engaging with a wide range of policy agendas, national outcomes and indicators, including for example, digital participation and cyber resilience, community empowerment, prevention and early intervention, the mitigation of loneliness and the child poverty related attainment gap.

Our staff team have delivered workshops, have given presentations, have facilitated discussions at partner events, and our CEO has been the key note speaker at several conferences such as Disability In Scotland raising awareness about issues and solutions which widen access to learning. In June 2019 our CEO will be speaking at the national Disability in Scotland conference.

In partnership, with Contact at the helm, we helped to organise the Talking About Tomorrow transitions conference for over 100 delegates, mostly parents of disabled children. Of 36 parents tracked, 94% agreed or strongly agreed with the statement "I have a better understanding of the ideas and resources that can help support me and my family through the transition journey".

We are always widening access to the internet as part of our learning offer but this year we have been through an internal digital revolution. We recognised that we had to redesign our systems and processes to be part of the digital world, to better serve the people we support and to target our resources more effectively:

- We have created safe, efficient, inclusive and more transparent digital systems and processes which are inspiring our board, staff, volunteers and people who use our services to participate more online and think digitally with more confidence.
- We are sustainably using free or cost effective platforms to host our data negating the need for a Customer Relationship Management tool (CRM) to reduce ongoing costs.
- We have created transparent, paperfree user journeys for learners, more effectively capturing and reporting live time data
- Staff have demonstrated increased cyber resilient skills, and improved capacity and capability in using their digital skills.
- We have shared our learning journey with other organisations and charity senior leaders through workshops and one to one meetings.

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

This year is particularly significant for Lead Scotland as it marks our 40 year track record for delivering a unique blend of bespoke, impactful services taken up by disabled people and carers, which benefit individuals, families and communities. There will always be financial challenges but the dedication of Lead's staff and volunteers remain the organisations biggest asset and by increasing our team this year we have reached more people than ever with relevant services focussed on sustained progression.

Risk management

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

The main risks to the charity going forward:

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

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

- Continuing to build and strengthen relationships within Government and with other key stakeholders to ensure visibility of the impact of Lead's work and an appreciation of the services delivered;
- Continuing to diversify funding and increase our fundraising efforts by growing our support base;
- Seeking project expansion opportunities within areas where we already have strong partnerships;
- Capitalising on becoming an SQA centre to become a competitive provider;
- Identifying and evaluating new, diverse service offerings that remain in line with Lead's core Vision
- Pursuing Cyber Essentials accreditation

The Board have considered Safeguarding responsibilities and have a policy statement which gives clear guidance and practical information for staff and volunteers. The Safeguarding policy was most recently updated in August 2019. Safeguarding training is taken up by staff and volunteers as part of their induction and continuing professional learning

Board of directors' report *(continued)*

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

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

The company's internal controls include:

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

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

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

Financial review

The service base saw a mixture of increases and decreases across our delivery areas. In spite of the considerable funding challenges that Lead faces we continue to make good progress. The audited accounts show an overall deficit of £33,293. Annual payments are being made to reduce a material defined, long term, pension liability (see note 16). The impact is being minimised through robust financial governance.

The Board of Directors can confirm that there was sufficient funding available to Lead during 18/19 to deliver our full programme of services.

The Board of Directors and all of the Lead team wish to thank all partners, individuals and agencies, whose financial and/or in kind support provided benefits during the year. In particular, we thank the following charitable trusts for their continued and much valued financial support: the Hugh and Mary Miller Foundation, and Persimmon. The unrestricted support from donations and charitable trusts provides Lead with resources that can be used wherever they are most needed in the delivery of our services such as match funding frontline services or buying IT for our home loan scheme.

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

Board of directors' report *(continued)*

Reserves policy

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

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

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

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

Lead Scotland aims to maintain the overall level of free funds held on reserve at an equivalent of 4 months running costs for the organisation which is approximately £200,000. The current level is £158,302. The Board is satisfied that the organisation's cash reserve position remains adequate as they consider the pension deficit, which is included on the balance sheet as a provision under FRS 102, remains unlikely to crystallise in the short term. Further information on this provision is given in note 16.

General Fund

The General Fund represents the free reserves of Lead Scotland. During the year this fund decreased slightly to £158,302 (note 12).

Designated funds

Designated funds have decreased from £9,456 to £9,431 (note 12).

Restricted funds

Restricted funds have decreased from £93,314 to £61,010 (note 13).

We dipped into our reserves slightly this year due to foreseen and unavoidable project overspends. We are focussed on building up our reserves to further stabilise our position and give us the flexibility to achieve our strategic goals.

Board of directors' report *(continued)*

Future developments

- Celebrate 40 years with local events bringing people together to learn over cake, finishing the year with a parliamentary reception.
- Rebrand the organisation with a new logo and marketing materials
- Move our office bases to reduce ongoing costs and improve working environments
- Develop a brand new Befriending Service in Fife for Young Carers
- Carry out research and jointly plan a conference with the Scottish Funding Council.
- Finalise and launch our new strategic plan for 2020-2023 and execute new plans
- Capitalise on having become an SQA Centre to offer more accredited courses
- Deepen our presence within existing and adjacent local authority areas
- Achieve Cyber Essentials Accreditation
- Work in partnership with the Open University to widen access to online learning
- Continue to involve sessional staff as an expansion of the service model, taking advantage of short term contract opportunities
- Identify ways by which our service models can be sustained through new funding streams and commissioning opportunities, such as individual training accounts and being sub contracted for work.
- Create an organisational culture of active and continuous engagement and fundraising to raise awareness, encourage donations and more supporters
- Deliver best value services which have a positive impact on the lives of individuals, their families and communities
- Work with partners to improve the experience of the transition from school for young disabled people and their families

Statement of Directors' responsibilities

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

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

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

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

Board of directors' report *(continued)*

Going concern

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

Disclosure of information to auditors

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

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

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

Approved by the Board of Directors on
Signed on behalf of the Board:



Paul W. Smith
Director
Treasurer

16 September 2019

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

Opinion

We have audited the financial statements of Lead Scotland (the 'charitable company') for the period ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Trustees and Members of Lead Scotland (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors (who are also the trustees of the charitable company for the purposes of charitable law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, as a body, in accordance with Section 44 (1)(c) of the

Independent Auditor's Report to the Trustees and Members of Lead Scotland (continued)

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



James Davidson (Senior statutory Auditor)
For and on behalf of MHA Henderson Loggie
Chartered Accountants
Statutory Auditor
Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
11-15 Thistle Street
Edinburgh
EH2 1DF

Date 16 September 2019

MHA Henderson Loggie is a trading name of Henderson Loggie LLP.

Statement of financial activities and income and expenditure account **Year ended 31 March 2019**

	Notes	Restricted funds £	Designated funds £	Unrestricted funds £	Total 2019 £	Total 2018 £
Income from:						
Donations and legacies	2	10,341	-	8,476	18,817	14,046
Other trading activities	2	-	-	2,700	2,700	6,189
Investment income	2	-	-	1,067	1,067	1,101
Income from charitable activities	3	488,821	-	-	488,821	483,165
Total income		499,162	-	12,243	511,405	504,501
Expenditure on:						
Raising funds	5	-	-	(12,679)	(12,679)	(13,463)
Charitable activities	6	(535,401)	(25)	3,964	(531,462)	(456,570)
Total expenditure		(533,474)	(25)	(8,715)	(544,141)	(470,033)
Net income/(expenditure)		(36,239)	(25)	3,528	(32,736)	34,468
Transfers	13	3,935	-	(3,935)	-	-
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pensions scheme	16	-	-	(557)	(557)	940
Net movement in funds		(32,304)	(25)	(964)	(33,293)	35,408
Fund balances brought forward at 1 April 2018		93,314	9,456	159,266	262,036	262,036
Fund balances carried forward at 31 March 2019		61,010	9,431	158,302	228,743	262,036

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

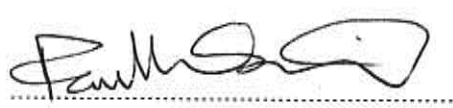
The notes on pages 19 to 32 form part of these financial statements.

Balance sheet
As at 31 March 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets	8	-			225
Current assets					
Debtors	9	77,042		52,101	
Cash at bank and in hand		237,622		304,949	
		<u>314,664</u>		<u>357,050</u>	
Creditors: amounts falling due within one year	10	(25,002)		(30,688)	
Net current assets			289,662		326,362
Total assets less current liabilities					326,362
Provisions for liabilities and charges	16		(60,919)		(64,326)
Net assets			<u>228,743</u>		<u>262,036</u>
Represented by					
Unrestricted General Fund	12		158,302		159,266
Unrestricted Designated funds	12		9,431		9,456
Restricted funds	13		61,010		93,314
Total funds			<u>228,743</u>		<u>262,036</u>

The financial statements are prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 relating to small companies and were approved by the board of directors on 16 September 2019 and were signed by:


Donald Jarvie
Chair


Paul Smith
Treasurer

Company Registration No: SC110186

The notes on pages 19 to 32 form part of these financial statements

Statement of Cash Flows
As at 31 March 2019

	2019 £	2018 £
Cash flow from operating activities		
Net income/(expenditure)	(32,736)	34,468
Depreciation charge	-	225
Actuarial (losses) on defined benefit pension scheme	(557)	940
Interest income	(1,067)	(1,101)
Decrease (Increase) in debtors	(24,941)	41,655
(Decrease)/increase in creditors	(5,686)	6,593
(Decrease)/increase in defined benefit pension provision	(3,407)	(8,089)
Cash provided by operations	(68,394)	74,691
Cash flow from investing activities		
Interest income	1,067	1,101
Cash provided by investing activities	1,067	1,101
Net increase in cash and cash equivalents	(67,327)	75,792
Cash and cash equivalents at beginning of period	304,949	229,157
Cash and cash equivalents at end of period	237,622	304,949
Analysis of cash and cash equivalents		
Cash at bank	151,175	219,301
Short term deposits	86,447	85,648
	237,622	304,949

Notes to the financial statements

Year ended 31 March 2018

1. Accounting policies

Basis of preparation

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

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

Company status

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

Income

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

Expenditure

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

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

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

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

Support costs

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

Notes to the financial statements *(continued)* Year ended 31 March 2019

1. Accounting policies *(continued)*

Donated services

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

Termination payments

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

Fixed assets and depreciation

Individual fixed assets costing £500 or more are capitalised. Where assets relate to a specific restricted fund these are expensed in the year of purchase.

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

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

Debtors

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

Cash

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

Creditors and provisions

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

Operating leases

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

Pensions

Defined benefit pension scheme

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

Defined contribution pension scheme

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

Taxation

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

Notes to the financial statements *(continued)* **Year ended 31 March 2019**

Financial instruments

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

Judgements and key sources of estimation uncertainty

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

Pension and other post-employment benefits

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

Notes to the financial statements (continued)

Year ended 31 March 2019

1. Accounting policies (continued)

Funds

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

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

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

2. Analysis of income

	Restricted 2019 £	Unrestricted 2019 £	Total 2019 £	Total 2018 £
<i>Donations and legacies:</i>				
Hugh & Mary Millar bequest		7,000	7,000	7,000
Tesco Bags of Help	5,000	-	5,000	2,000
Tay Charitable Trust	-	-	-	500
Co-op Community Fund	2,231	-	2,231	-
Kilt Walk		910	910	1,511
SCVO-Cyber-Resilience	1,000	-	1,000	-
Persimmons	1,000	-	1,000	800
Tough Construction	-	-	-	1,000
Other smaller donations	1,110	566	1,676	1,235
Total donations and legacies	10,341	8,476	18,817	14,046
<i>Other trading activities:</i>				
Consultancy income	-	2,700	2,700	5,208
Fundraising activities	-	-	-	981
	10,341	11,176	21,517	6,189
<i>Investment income:</i>				
Bank interest	-	1,067	1,067	1,101
Total 2019	10,341	12,243	22,584	21,336

	Restricted 2018 £	Unrestricted 2018 £	Total 2018 £
Donations and legacies	2,800	11,246	14,046
Other trading activities	-	6,189	6,189
Investment income	-	1,101	1,101
Total 2018	2800	18,536	21,336

Notes to the financial statements (continued)
Year ended 31 March 2019

3. Income from charitable activities

	Restricted £	Unrestricted £	Total 2019 £	Total 2018 £
<i>Income from Scottish Government</i>				
Core grant	142,500	-	142,500	142,500
Digital progression North Project	43,440	-	43,440	-
	<u>185,940</u>	<u>-</u>	<u>185,940</u>	<u>142,500</u>
<i>Income from local authorities</i>				
Aberdeenshire Council	47,700	-	47,700	55,000
Highland Council	5,000	-	5,000	13,467
Dundee Council	31,992	-	31,992	30,740
North Lanarkshire Council	34,579	-	34,579	35,648
Fife Council	84,550	-	84,550	85,429
Perth Council	44,000	-	44,000	88,670
Total	<u>247,821</u>	<u>-</u>	<u>247,821</u>	<u>308,954</u>
<i>Income from others</i>				
SDS	29,935	-	29,935	10,652
SCVO		-		4,059
Big Lottery	10,000	-	10,000	-
Robertson Trust	10,000	-	10,000	10,000
Corra		-		3,000
Learning Link Scotland	4,000	-	4,000	4,000
Other	1,125	-	1,125	-
Total	<u>55,060</u>	<u>-</u>	<u>55,060</u>	<u>31,711</u>
Total income from charitable activities 2019	<u>488,821</u>	<u>-</u>	<u>488,821</u>	<u>483,165</u>
Total income from charitable activities 2018	<u>483,165</u>	<u>-</u>	483,165	<u>483,165</u>

4. Staff costs

	Total 2019 £	Total 2018 £
Salaries (including temporary staff)	403,537	330,061
Employer's NIC	26,702	25,956
Pension Contributions	15,790	11,247
Settlements on termination of employment	-	-
	<u>446,029</u>	<u>367,264</u>

No employees received emoluments in excess of £60,000. (2018: None) Average staff numbers during the year were 19 (2018: 15). During the year travel expenses of £82.80 (2018: £274) were reimbursed to 2 directors (2018: 3). The directors received no remuneration in the current or previous year. Trustee indemnity insurance is provided as part of the overall insurance policy for the organisation.

During the year Lead Scotland paid £50 (2018: £nil) to Mindspace Limited for room hire, a company in which T Ilsley is a director.

Notes to the financial statements (continued)

Year ended 31 March 2019

4. Staff costs (continued)

The remuneration and benefits paid (including employer's NI and employer's pension contributions) to the senior management team, consisting of the Chief Executive Officer, Finance & Administration Manager and Regional Development managers, were £157,169 (2018: £145,389).

5. Cost of raising funds

	Restricted £	Designated £	Unrestricted £	Total 2019 £	Total 2018 £
Wages and salaries	-	-	12,590	12,590	13,240
Fundraising expenses	-	-	89	89	223
Total 2019	-	-	12,679	12,679	13,463
Total 2018	-	-	13,463	13,463	

6. Charitable activities

	Restricted £	Designated £	Unrestricted £	Total 2019 £	Total 2018 £
Wages & salaries	433,439	-	-	433,439	354,024
Other staff costs	28,274	-	-	28,274	31,448
Property costs	16,162	-	-	16,162	16,616
Administration costs	29,645	25	*(3,964)	25,706	21,296
Meeting costs	1,598	-	-	1,598	1,224
Publications and subscriptions	2,108	-	-	2,108	530
Learner costs	19,039	-	-	19,039	24,239
Depreciation	-	-	-	-	225
Governance costs (note 7)	5,136	-	-	5,136	6,968
Total 2019	535,401	25	(3,964)	531,465	456,570
Total 2018	463,633	8	(7,071)	456,578	

Included in charitable activities are support costs of £69,089 (2018: £83,163).

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

7. Governance costs

	2019 £	2018 £
Board/finance committee costs	936	1,844
Audit fees	4,200	5,124
	5,136	6,968

Notes to the financial statements (continued)
Year ended 31 March 2019

8. Fixed assets

	Computer Equipment £	Office Equipment £	Total £
Cost			
At beginning of year	29,006	4,168	33,174
At end of year	29,006	4,168	33,174
Depreciation			
At beginning of year	29,006	4,168	33,174
Charge for year	-	-	-
At end of year	29,006	4,168	33,174
Net book value			
At 31 March 2019	-	-	-
At 31 March 2018	-	-	-

9. Debtors

	2019 £	2018 £
Trade debtors	40,766	46,238
Prepayments	2,183	1,655
Accrued Income	34,093	4,208
	77,042	52,101

10. Creditors

	2019 £	2018 £
Trade creditors	6,893	10,342
Tax & Social Security	7,782	8,633
Accruals	10,327	11,714
	25,002	30,689

Notes to the financial statements (continued)
Year ended 31 March 2019

12. Unrestricted reserves

	Opening funds £	Incoming resources £	Outgoing resources £	Transfers £	Other recognised losses £	Closing funds £
General fund	159,266	12,243	(8,715)	(3,935)	(557)	158,302
Dr Ethel Gray fund	9,456	-	(25)	-	-	9,431
	<u>168,722</u>	<u>12,243</u>	<u>(8,740)</u>	<u>(3,935)</u>	<u>(557)</u>	<u>167,733</u>

	Opening funds £	Incoming resources £	Outgoing resources £	Transfers £	Other recognised Gains £	Closing funds £
General fund	148,500	18,536	(6,392)	(2,318)	940	159,266
Dr Ethel Gray fund	9,464	-	(8)	-	-	9,456
Total 2018	<u>157,964</u>	<u>18,536</u>	<u>(6,400)</u>	<u>(2,318)</u>	<u>940</u>	<u>168,722</u>

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

13. Restricted reserves

	Opening funds £	Incoming resources £	Outgoing resources £	Transfers £	Closing funds £
Scottish Government - core	-	142,500	(142,500)	-	-
Fife	6,642	51,292	(50,550)	-	7,384
North Lanarkshire	1,356	34,579	(34,700)	-	1,235
Dundee	380	31,992	(32,209)	-	163
Moray	5,366	20,000	(19,064)	-	6,303
Fife Befriending	13,268	33,258	(37,725)	-	8,801
Perth Digital	6,552	-	-	-	6,552
Adult learning in Highlands	4,604	34,936	(32,152)	-	7,388
Aberdeenshire Adult Literacy	-	-	-	-	-
Partnership	797	24,000	(22,489)	-	2,308
Aberdeenshire Activity Agreements	318	23,700	(22,926)	-	1,092
Thinking Digital Perth	530	-	-	-	530
Thinking Digital Aberdeen City	3,026	-	-	-	3,026
Highland Connecting Carers	-	-	-	-	-
Perth & Kinross	8,049	44,000	(46,504)	-	5,544
Restricted Donations	3,000	10,340	(5,220)	-	8,120
Perth Tech for Change	36,426	-	(33,862)	-	2,564
Homeschool	-	4,000	(2,615)	(1,385)	-
Corra North Lanarkshire	3,000	-	(5,311)	2,311	-
Digital Progression North	-	43,440	(47,574)	4,134	-
Other	-	1,125	-	(1,125)	-
	<u>93,314</u>	<u>499,162</u>	<u>(535,401)</u>	<u>3,935</u>	<u>61,010</u>

	Opening funds £	Incoming resources £	Outgoing resources £	Transfers £	Closing funds £
Scottish Government - core	-	142,500	(143,961)	1,461	0
National Conference	97	-	-	(97)	0
Fife	7669	51,318	(52,345)	-	6,642
North Lanarkshire	2588	35,648	(37,713)	-	523
North Lanarkshire RCOP	833	-	-	-	833
Dundee	461	30,740	(30,821)	-	380
Moray	3,768	10,000	(8,402)	-	5,366
Moray Adult Literacy Partnership	819	-	(819)	-	-
Fife Befriending	14,637	34,111	(35,480)	-	13,268
Perth Digital	8,435	0	(1,883)	-	6,552
Adult learning in Highlands	8,903	24,119	(28,418)	-	4,604
Aberdeenshire Adult Literacy Partnership	335	24,000	(23,538)	-	797
Aberdeenshire Activity Agreements	-	31,000	(30,682)	-	318
Big Lottery – Investing in Ideas	5,762	-	(7,164)	1,402	-
Thinking Digital Highland	591	-	(516)	(75)	-
Thinking Digital Perth	530	-	-	-	530
Thinking Digital Aberdeen City	4,000	-	(974)	-	3,026
Highland Connecting Carers	-	-	(536)	536	-
Perth & Kinross	9,036	44,000	(44,987)	-	8,049
Donation	200	2,800	-	-	3,000
Perth Tech for Change	-	44,670	(8,244)	-	36,426
SCVO Internship	-	4,059	(4,059)	-	-
Contact	-	4000	(3,091)	(909)	-
Corra North Lanarkshire	-	3000	-	-	3000
Total 2018	68,664	485,965	(463,633)	2,318	93,314

Transfers

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

Restricted Funds – detail of awards and restrictions on use

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

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

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

Scottish Government via Corra – core funding

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

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

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

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

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

Digital Progression North – funding for the delivery of Lead's digital services in North Scotland

Notes to the financial statements *(continued)*
Year ended 31 March 2019

13. Restricted reserves *(continued)*

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

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

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

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

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

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

Perth Digital – funding to hold digital awareness sessions for staff

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

Restricted Donations – Monies received for the purchase of equipment and resources in Perth, Dundee, Fife, Moray, North Lanarkshire and Head Office

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

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

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

Notes to the financial statements (continued)

Year ended 31 March 2019

14. Analysis of net assets between funds

	Restricted £	Unrestricted £	2019 £	2018 £
Balance at 31 March 2019 represented by:				
Tangible assets	-	-	-	-
Net current assets	61,010	228,652	289,662	326,361
Provisions for liabilities	-	(60,919)	(60,919)	(64,326)
	<u>61,010</u>	<u>167,733</u>	<u>228,743</u>	<u>262,035</u>
	Restricted £	Unrestricted £	2018 £	2017 £
Balance at 31 March 2018 represented by:				
Tangible assets	-	-	-	225
Net current assets	93,314	233,047	326,361	298,818
Provisions for liabilities	-	(64,326)	(64,326)	(72,415)
Total 2018	<u>93,314</u>	<u>168,721</u>	<u>262,035</u>	<u>226,628</u>

15. Leasing commitments

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

	2019 Buildings £	2018 Buildings £
Not later than one year	4,428	10,210
Later than one year and not later than five years		826
	<u>4,428</u>	<u>11,036</u>
Lease payments recognised as expense in year	<u>13,488</u>	<u>13,488</u>

16. Provisions for liabilities and charges

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

	2019 £	2018 £
Provision at start of period	64,326	72,415
Unwinding of the discount factor (interest expense)	1,029	899
Deficit contribution paid	(8,289)	(8,048)
Remeasurements – impact of any change in assumptions	557	(940)
Remeasurements – amendments to the contribution schedule	3,296	-
	<u>60,919</u>	<u>64,326</u>

Notes to the financial statements (continued)

Year ended 31 March 2019

16. Provision for liabilities and charges (continued)

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

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

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

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

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

Deficit contributions

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

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

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

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

Present values of provision

	31 March 2019 (£s)	31 March 2018 (£s)	31 March 2017 (£s)
Present value of provision	60,919	64,326	72,415

Notes to the financial statements (continued)
Year ended 31 March 2019

16. Provision for liabilities and charges (continued)

Income and expenditure impact	Period ending 31 March 2019 £	Period ending 31 March 2018 £
Interest expense	1,029	899
Remeasurements – impact of any change in assumptions	557	(940)
Remeasurements – amendments to the contribution schedule	3,296	-

Assumptions

	31 March 2019 % per annum	31 March 2018 % per annum	31 March 2016 % per annum
Rate of discount	1.39	1.71	1.32

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

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

Deficits contributions schedule

Year ending	31 March 2019 (£s)	31 March 2018 (£s)	31 March 2017 (£s)
Year 1	10,110	8,289	8,048
Year 2	10,413	8,538	8,289
Year 3	10,725	8,794	8,538
Year 4	11,047	9,058	8,794
Year 5	11,378	9,330	9,058
Year 6	9,767	9,610	9,330
Year 7		9,898	9,610
Year 8		5,097	9,898
Year 9		-	5,097
Year 10		-	8,048

The Growth Plan is a “last man standing” multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2018 the total deficit calculated on the buy-out basis was £187.2m

Notes to the financial statements *(continued)*

Year ended 31 March 2019

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

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

At the year end there were outstanding contributions to the Scheme of £0 (2018: £0).

As a replacement to the above scheme the charity has set up a group personal pension scheme administered by The Pensions Trust. Total employer contributions in the year are £15,791 (2018: £11,084) and at the year there were outstanding contributions to the scheme of £0 (2018 £0).

Financial Instruments

	2019	2018
Carrying amounts of financial assets		
Debt instruments measured at amortised cost	<u>74,859</u>	<u>46,238</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>17,220</u>	<u>20,665</u>

Debt instruments measured at amortised cost comprises trade debtors

Liabilities measured at amortised cost comprises trade creditors and accruals