

Lead Scotland

Report and audited financial statements

For the year ended 31 March 2020

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

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|----------------------------------|---|
| Charity name | Lead Scotland |
| Registered company number | SC110186 |
| Registered charity number | SC003949 |
| Trustees | Donald Jarvie (resigned 30 th June 2020) Tricia Illsley Paul Smith Colin Anderson Kevin Mallon Pamela Maxwell Ahmed Yousaf (resigned 19 th November 2019) Andrew McMahon Sandra Wilson Anne Kidd (appointed 20 th August 2019) Senga Armstrong (appointed 20 th August 2019) Kirsty Gemmell (appointed 18 th August 2020) |
| Company secretary | Colin Anderson |
| Registered office | 525 Ferry Road Edinburgh EH5 2FF |
| Senior staff | Emma Whitelock, Chief Executive Officer Stephen Fernand, Regional Development Manager South Sarah Burton, Regional Development Manager North (from May 2019) 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 WS 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 2020.

Vision and Mission statements

Our vision is of a fair society where disabled people and carers have an equal opportunity to learn, participate and achieve their potential.

Our mission is to influence change and provide personalised learning, befriending, advice and information services.

Management and Governance

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. 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 three Sub Committees: Finance, Strategy and Futures and Engagement and Fundraising, is responsible for the organisation's system of internal financial controls and monitoring the strategic performance. 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 Goals and Objectives for the planning period (2020-23) are:

Strategic goals 2020-23

1. Deliver more personalised learning and befriending opportunities which enable people to progress
2. Enable more disabled people and carers to actively participate within communities.
3. Extend our local and national coverage
4. Strengthen our financial sustainability

Strategic Objectives 2020-23

1. Increase the number of people engaged and progressing in our learning & befriending services per year by 2023, from 382 to 700. (80% of people tracked 3 and 6 months after leaving will report positive sustained progression)
2. Increase the number of disabled people and carers actively participating within communities per year from 150 to 200, by 2023.
3. Expand our presence within 8 existing areas and aim for coverage within 12 local authority areas by 2023
4. Extend our national coverage by having Helpline and Information Service requests from all 32 local authority areas by 2023
5. Increase our unrestricted funding from £42,000 per year to £60,000 by 2023

The importance of Lead's Volunteers

We are extremely lucky to have had the support of 150 dedicated volunteers in 2019-20, adding tremendous value to our work, as well as a growing number of wider supporters. We deliberately keep our numbers at a manageable 'volunteer to volunteer manager' ratio so that we can build a personal connection with every volunteer. We have continuously held the external quality standard, Investing in Volunteers since 2005, being the first national organisation to become accredited. We also hold the Volunteering Friendly Award in Dundee and North Lanarkshire. Our volunteers are involved in many different ways including:

- Providing one to one face to face and online learning support to disabled people and carers;
- Supporting the Co-ordinators to deliver a variety of integrated literacy, numeracy, core and digital skills programmes to groups of learners gaining skills and accreditation where possible;
- Supporting learners to become more confident, connected and involved with community decision making processes such as participatory budgeting and consultations;
- Fundraising support, such as doing the Kiltwalk;
- Mentoring or training other volunteers;
- Assisting the work of Head Office staff (e.g. refreshing our factsheets);
- Volunteer Befrienders;
- Friends of Lead groups raising awareness and funds in North Lanarkshire, Fife and Dundee.

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, £166,149 inclusive of pension and national insurance contributions. Pay is set in line with Scottish Joint Council pay scales and is agreed by the Board of Directors.

Review of the year 2019-20

40th Anniversary celebrations: 2019 was a particularly special year for Lead Scotland, being our 40th Anniversary! We were absolutely delighted to have a 40th birthday parliamentary reception hosted by Daniel Johnson MSP, sponsored by Sight and Sound, for 100 invited guests, from people associated with Lead across four decades. Rita, an adult learner from Moray shared her personal learning journey about gaining an SCQF level 6 Adult Achievement Award which led to a place at college and lots of new networks. Suley, a helpline caller spoke eloquently about her student experience and how she was backing our Fair Access to University campaign. We also went on roadshow around the country with a series of regional birthday parties, offering people the chance to learn to something new followed by afternoon tea.

New branding and new office: We refreshed our logo for our 40th birthday to make it more accessible. Further to the majority of 50 survey responses from stakeholders the Board decided to keep the existing tagline. We loved being part of the Edinburgh Napier family with an office in their Merchiston Campus, but we were excited to move to 525 Ferry Road, saving money and improving staff wellbeing with more light and space.

Core funding and strategic relationship with government: 2019-20 should have been the final year of core funding from the Scottish Government via their Adult Learning and Empowering Communities Fund, but we have been given an extra year of continued standstill funding up to March 2021. We have applied to the successor Families and Communities Fund for core funding to further our new strategic ambition and await the outcome of our application. Core funding from the Scottish Government made up 26.7% of our income this year compared with 27.9% last year so we are making the grant go further. It is critical funding, directly supporting all our activities wholly or in part. Scottish Government funding is also more than a grant, it is a strategic partnership. We are invited to act as advisors and take strategic leadership by Scottish Government to shape and strengthen policy which enables disabled people and carers to progress with learning. Whilst we work very closely and regularly with government colleagues, we are impartial and independent from the Scottish Government, adding value as a specialist organisation harnessing the direct voices of people with lived experience and protected characteristics to overcome barriers to learning. Our Policy Officer wrote nine policy responses, supported by disabled people and carers who wanted to influence change in each of those policy areas. Our core funding enables us to respond to such requests to work at a strategic level.

Policy Work: Our work makes a positive difference to key areas which are important to government such as: increasing access and provision of high quality lifelong, life-wide and learner-centred adult and community learning opportunities, the further and higher education widening access agenda, digital participation, halving the disability employment gap, reducing isolation, post school transitions and Fairer Scotland for disabled people action plan ambitions. We are making an active contribution to the National Performance Framework and we work with national and local partners to target our resources wisely to meet identified need. We are most active in the post school education policy field as you'd expect. Lead Scotland is a member of the National Strategic Forum for Adult Learning and our Chief Executive Officer is actively involved in the writing subgroup developing the new strategy for Adult Learning which has been delayed due to the Covid19 outbreak. Lead has been Co-Chairing the Disabled Outcomes group with the Scottish Funding Council to bring partners together to improve the outcomes and experiences of disabled people at further and higher education.

Board of directors' report *(continued)*

More Disabled People Influencing Change: We have worked hard to bring more people together to influence national policy. We worked with a helpline caller, Suley to set up an online campaign to try and make access to university fairer. Suley spoke within the Scottish Parliament about the disadvantage she had experienced on her student journey. We gained cross party support for this issue, backed by 424 signatures to our online petition. We were then invited to present at the very first meeting of a new Admissions Policy Group at Universities Scotland, who committed to making access fairer and they have already started to take some new actions forward. In addition to support for this campaign we supported 118 disabled people & carers to get involved in policy decisions: in the writing of nine policy responses, shaping the new adult learning strategy for Scotland and in smaller numbers contributing to local decision making processes which were important to individuals. We became aware that some people hadn't heard of participatory budgeting and so we were delighted to be supported by Fife Council to put on a participatory budgeting simulation event for 40 attendees at one of our 40th birthday parties in order that people could gain knowledge, experience and understanding of the importance of this process. People were signing up to facebook at the end ready and keen to be involved in the next live event.

Our performance: We met or exceeded all our project targets and we are extremely grateful for the continuing funding support from all our partners as well supporting our hard working team. We have effective partnerships with local authority partners for Lead's frontline activities in Aberdeen, Aberdeenshire, Dundee, Fife, Highland, North Lanarkshire and Perth and Kinross because we work together to meet the gaps in services that they have identified locally through their local planning, consultation and involvement processes and we offer impactful and competitive services. A very good performance rating in 2019-20 led to us successfully securing further funding from the National Third Sector Fund contract to expand our contract from one to three workers, which acted as succession planning for two workers who were employed on a fixed term contract via the Scottish Government's Social Economy Growth Fund (SEGF). Impact quote from partner "Thanks again for seeing the lady I referred some time ago. She is loving her 1:1 sessions and the difference it is making to her literacy skills and confidence is amazing." We had three SQA verification visits this year, two for course approval and one systems verification visit. SQA have "high confidence" in our systems and processes.

We launched our new strategic plan, written with stakeholder involvement and we have doubled our ambition looking ahead to 2020-2023. Our new objectives will start to be measured from April 2020.

Our performance against our strategic objectives for 2019-20:

- **More Learner and Befriendedes reached:** We engaged and supported 643 disabled people and carers last year up from 382 (68% increase). This significant increase, overreaching our target of 420 for 2019-20 can be attributed to 164 learners who were engaged in short term learning activities: 64 carers and staff in Perth learned how to use the Jointly app and 100 learners across Scotland improved their cyber resilience. Of the remaining 479 participants, 438 accessed our home and community based learning services and 41 took up befriending opportunities being matched one to one with a volunteer befriender. We have waiting lists in all areas of Scotland.
- Some impact quotes from learners, three months after moving on from Lead: 1) "I am working as a housekeeper for a care home and learning how to use a computer enabled me to do online courses. I can now access loads of useful information online." 2) "Lead helped me see that I have options to do things with my life. This was hard to see before, being a single parent after my wife died. I feel more confident now. The one to one helped very much." 3) "I am starting to feel I have some hope now. Thank you so much for everything so far. You have taught me so much already & helped me to grow into a stronger, more confident person & I am very grateful."

Board of directors' report *(continued)*

- **More adaptive/assistive technology assessments:** We supported 237 people to learn how to use assistive/adaptive technology up from 147 last year. This increase is in part due to the PKAVS project which supported carers how to learn to use technology to assist with their caring responsibilities. We were delighted to take on this new contract, building on a strong working partnership with PKAVS to deliver targeted services across Perth and Kinross.
- **252 in depth helpline enquiries from 25 local authority areas:** plus one each from Northern Ireland, England and the EU. The number of calls was less this year, than 275 last year (-8%) particularly in March when the Covid19 outbreak began, but we developed a factsheet for disabled students as an immediate response, negating the need for a call. Our website and social media impressions have increased during lockdown sharing pertinent information for disabled students. 100% of callers tracked (16% response rate) reported positive experiences, e.g.: 1) *"this is without doubt the most useful information on what Brian (name changed) can expect from adult life that I've ever had from anyone. EVER. Thank you so much."* 2) *"I believe that the service was indisputably beneficial in helping resolve the issues I had in college"*.
- **Expanded presence across Scotland with our digital offer:** The number of local authority areas within which we offer frontline services has stayed the same, but by delivering learning opportunities online we have been able to reach more learners across Scotland (22 local authority areas), raising awareness of our organisation as we do so. Our frontline services remain in Perth & Kinross, Aberdeen City, Aberdeenshire, Highland, Moray North Lanarkshire.
- **Income growth:** We have been able to attract repeat funding and new investment resulting in a modest 4% increase in income compared with last year, very positive in a challenging financial climate. We didn't reach our strategic target for unrestricted income but there was a lot of useful learning about the successes and minimal losses from a range of tactics. Moving both our offices saved us money this year partly offsetting the lack of unrestricted income generated and led to improved staff wellbeing. After some reflection we have renamed the Engagement and Development Officer as Engagement and Fundraising Officer from January 2020, who is more fully involved in marketing and fundraising, including writing Trust applications to help us drive this strategic objective forward, in 2020-21 with the support of the Engagement and Fundraising Committee.

As well as delivering learning, befriending, helpline services, strategic and undertaking policy work our staff team have been giving inputs to national conferences, delivering workshops, presentations and have facilitated discussions at partner events. We also took on a research contract with Advance HE to partner with them on a new 6-12 month project with a view to developing a resource of effectively evidenced projects or initiatives that support disabled people to access, participate and progress in college and university.

More Digitally Agile and Cyber Secure: This year we worked hard to achieve our Cyber Essentials accreditation, supported with a grant from SCVO and we were absolutely delighted to receive a grant from the Wolfson Foundation enabling us to buy up to date ICT equipment and phones. Last year we moved all our systems into the cloud because 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. This move meant we were ready to flex our services to an online offer with immediate effect and minimal disruption when the coronavirus forced the team to work from home from mid March.

The Directors wish to recognise and thank the two existing Friends of Lead groups, in North Lanarkshire and Dundee and the new group being set up in Fife. Friends of Lead North Lanarkshire is independently constituted, and all three groups are made up of members, learners and volunteers who are dedicated to 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.

Board of directors' report *(continued)*

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 alongside reviews of our SWOT and PESTLEC. However, in light of the challenging external financial climate and the unknown impact of Brexit, Covid19 and increased 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:

- Slow economic recovery after Covid19 lockdown may affect levels of government spending or delay decision making;
- Local authority revenue may be diverted to support the Covid19 response and recovery effort reducing the levels of grant funding available for third sector organisations;
- Decreased levels of Trust funding due to lower interest rates and increased competition for funds;
- Lack of sustainable funding for activities, or significant cuts to funding projects;
- Increased 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 our value for money;
- 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;
- Increasing the volume of Trust and grant applications;
- Identifying and evaluating new, diverse service offerings that remain in line with Lead's core Vision
- Sustaining Cyber Essentials accreditation and continuing to offer regular digital and cyber resilience training to staff and volunteers;
- More time spent writing applications
- The Chair, Treasurer, Chair of the Strategy and Futures group and Chief Executive Officer hold financial monitoring meetings and evaluate how well tactics are working.

The Board have considered Safeguarding responsibilities and have a policy statement and operational process including a standardised safeguarding template which gives clear guidance and practical information for staff and volunteers. The Safeguarding policy was most recently updated in August 2019 and the template updated in February 2020. Safeguarding training is taken up by all 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 and saw modest growth in income of 5%. The audited accounts show an overall deficit of £35,111. 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 19/20 to deliver our full programme of services.

The Board of Directors and all of the Lead team are incredibly grateful for the support of all our 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. We are very grateful to Sight and Sound who sponsored our Parliamentary reception.

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 Scottish Government, Local Authorities, Adult Literacy Partnerships, Community Planning Partnerships, Big Lottery and the 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 £156,000. The current level is £156,358. 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 £156,358 (note 12).

Designated funds

Designated funds have decreased from £9,431 to £9,403 (note 12).

Restricted funds

Restricted funds have decreased from £61,010 to £27,870 (note 13).

We have dipped into our unrestricted reserves this year due to foreseen project overspends due to lack of match funding. We used restricted reserves in a managed way to increase our project capacity to be able to reach more disabled people and carers with local services. We are determined to build our reserves to further stabilise our financial position and give us the flexibility we need to meet our strategic ambition.

Board of directors' report *(continued)*

Future developments

- Contribute to key policy areas which match our strategic ambition and which support the Covid19 response and recovery effort
- Greater collaboration with a broad range of partners to pool resources and meet identified need, planning and evaluating together
- Develop and deliver our portfolio of digital learning products and capitalise on being an SQA Centre to offer more accredited pathways
- Involve more disabled people and carers in the design and delivery of our services
- Embed community participation outcomes within our project milestones ensuring that disabled people and carers have opportunities to become changemakers as part of our service offer
- Deepen our physical presence within existing local authority areas and our online presence in new local authority areas
- Sustain Cyber Essentials Accreditation and excellent cyber resilience behaviours
- Continue to involve sessional staff as an expansion of the service model, taking advantage of short term contract opportunities
- 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

Impact of Covid 19 – Response and Recovery

In March 2020 there was a national lockdown. Being a digitally agile, almost paperless organisation, we took the decision to pause face to face work and move to remote delivery by telephone, email and online in order to keep everyone safe. We swiftly implemented our business contingency plans and have had an ongoing dialogue with our funders and the people we serve to ensure that we have continued to provide targeted services which respond to identified need. We successfully secured additional Covid19 government funding through which we extended our befriending services across our learning projects, providing social and emotional support for learners as well as befriendees who were at risk of disengaging during this difficult time. Covid19 brought the digital divide sharply into focus, a problem too big for us to tackle alone, so we have partnered with a number of cross sector organisations to distribute IT equipment and data for learners as well as delivering online learning opportunities so that people understand how to safely realise the potential of technology. We understand the risks that lie ahead and are confident that the new blend of our online and face to face services will make an important contribution within the Covid recovery phase, positively supporting individuals, families and communities across Scotland to progress.

Board of directors' report *(continued)*

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.

Going concern

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

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 27 October 2020.

Signed on behalf of the Board:



Anne Kidd
Director
Treasurer

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 2020 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 2020 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.

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

(continued)

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 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

27 October 2020

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

Statement of financial activities and income and expenditure account

Year ended 31 March 2020

| | Notes | Restricted funds £ | Designated funds £ | Unrestricted funds £ | Total 2020 £ | Total 2019 £ |
|--|-------|-----------------------|-----------------------|-------------------------|--------------------|--------------------|
| Income from: | | | | | | |
| Donations and legacies | 2 | 4,903 | - | 7,393 | 12,296 | 18,817 |
| Other trading activities | 2 | - | - | 10,005 | 10,005 | 2,700 |
| Investment income | 2 | - | - | 1,268 | 1,268 | 1,067 |
| Income from charitable activities | 3 | 511,859 | - | - | 511,859 | 488,821 |
| Total income | | 516,762 | - | 18,666 | 535,428 | 511,405 |
| Expenditure on: | | | | | | |
| Raising funds | 5 | - | - | (12,701) | (12,701) | (12,679) |
| Charitable activities | 6 | (568,511) | (28) | 9,339 | (559,200) | (531,462) |
| Total expenditure | | (568,511) | (28) | (3,362) | (571,901) | (544,141) |
| Net income/(expenditure) | | (51,749) | (28) | 15,304 | (36,473) | (32,736) |
| Transfers | 13 | 18,610 | - | (18,610) | - | - |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains/(losses) on defined benefit pensions scheme | 16 | - | - | 1,362 | 1,362 | (557) |
| Net movement in funds | | (33,139) | (28) | (1,944) | (35,111) | (33,293) |
| Fund balances brought forward at 1 April 2019 | | 61,010 | 9,431 | 158,302 | 228,743 | 228,743 |
| Fund balances carried forward at 31 March 2020 | | 27,871 | 9,403 | 156,358 | 193,632 | 228,743 |

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 20 to 32 form part of these financial statements.

Balance sheet
As at 31 March 2020

| | Notes | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|---|-------|----------------|----------------|----------------|----------------|
| Fixed assets | 8 | - | | | 225 |
| Current assets | | | | | |
| Debtors | 9 | 49,581 | | 77,042 | |
| Cash at bank and in hand | | 228,299 | | 237,622 | |
| | | <u>277,880</u> | | <u>314,664</u> | |
| Creditors: amounts falling due within one year | 10 | (34,030) | | (25,002) | |
| Net current assets | | | <u>243,850</u> | | <u>289,662</u> |
| Total assets less current liabilities | | | | | |
| Provisions for liabilities and charges | 16 | | (50,218) | | (60,919) |
| Net assets | | | <u>193,632</u> | | <u>228,743</u> |
| Represented by | | | | | |
| Unrestricted General Fund | 12 | | 156,358 | | 158,302 |
| Unrestricted Designated funds | 12 | | 9,403 | | 9,431 |
| Restricted funds | 13 | | 27,871 | | 61,010 |
| Total funds | | | <u>193,632</u> | | <u>228,743</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 27 October 2020 and were signed by:



Paul Smith
Chair



Anne Kidd
Treasurer

Company Registration No: SC110186

The notes on pages 20 to 32 form part of these financial statements

Statement of Cash Flows
As at 31 March 2020

| | 2020 £ | 2019 £ |
|---|-----------------|-----------------|
| Cash flow from operating activities | | |
| Net (expenditure) | (36,473) | (32,736) |
| Actuarial gain/(losses) on defined benefit pension scheme | 1,362 | (557) |
| Interest income | (1,268) | (1,067) |
| Decrease (Increase) in debtors | 27,461 | (24,941) |
| (Decrease)/increase in creditors | 9,028 | (5,686) |
| (Decrease) in defined benefit pension provision | (10,701) | (3,407) |
| Cash (used in) operations | (10,591) | (68,394) |
| Cash flow from investing activities | | |
| Interest income | 1,268 | 1,067 |
| Cash provided by investing activities | 1,268 | 1,067 |
| Net (decrease) in cash and cash equivalents | (9,323) | (67,327) |
| Cash and cash equivalents at beginning of period | 237,622 | 304,949 |
| Cash and cash equivalents at end of period | 228,299 | 237,622 |
| Analysis of cash and cash equivalents | | |
| Cash at bank | 165,904 | 151,175 |
| Short term deposits | 62,394 | 86,447 |
| | 228,299 | 237,622 |

Notes to the financial statements

Year ended 31 March 2020

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. The Board has also considered the impact of the Covid-19 pandemic and consider it appropriate to prepare the financial statements on a going concern basis of preparation for the reasons as set out in the Trustees' Report.

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 2020**

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 2020**

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.

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.

Notes to the financial statements *(continued)*
Year ended 31 March 2020

2. Analysis of income

| | Restricted 2020 £ | Unrestricted 2020 £ | Total 2020 £ | Total 2019 £ |
|----------------------------------|----------------------------------|------------------------------------|-----------------------------|--------------------|
| <i>Donations and legacies:</i> | | | | |
| Hugh & Mary Millar bequest | | 3,500 | 3,500 | 7,000 |
| Tesco Bags of Help | 4,000 | - | 4,000 | 5,000 |
| Tay Charitable Trust | | 500 | 500 | - |
| Co-op Community Fund | - | - | - | 2,231 |
| Kilt Walk | - | 1,405 | 1,405 | 910 |
| SCVO-Cyber-Resilience | - | - | - | 1,000 |
| Persimmons | - | - | - | 1,000 |
| Tough Construction | - | - | - | - |
| Other smaller donations | 903 | 1,988 | 2,891 | 1,676 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total donations and legacies | 4,903 | 7,393 | 12,296 | 18,817 |
| <i>Other trading activities:</i> | | | | |
| Consultancy income | - | 10,005 | 10,005 | 2,700 |
| Fundraising activities | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 4,903 | 16,898 | 22,301 | 21,517 |
| <i>Investment income:</i> | | | | |
| Bank interest | - | 1,268 | 1,268 | 1,067 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total 2020 | 4,903 | 18,666 | 23,569 | 22,584 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | Restricted 2019 £ | Unrestricted 2019 £ | Total 2019 £ | |
| Donations and legacies | 10,341 | 8,746 | 18,817 | |
| Other trading activities | - | 2,700 | 2,700 | |
| Investment income | - | 1,067 | 1,067 | |
| | <hr/> | <hr/> | <hr/> | |
| Total 2019 | 10,341 | 12,243 | 22,584 | |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | |

Notes to the financial statements (continued)
Year ended 31 March 2020

3. Income from charitable activities

| | Restricted £ | Unrestricted £ | Total 2020 £ | Total 2019 £ |
|---|-----------------------|-------------------|-----------------------|-----------------------|
| <i>Income from Scottish Government</i> | | | | |
| Core grant | 142,500 | - | 142,500 | 142,500 |
| Digital progression North Project | 81,001 | - | 81,001 | 43,440 |
| Cyber Resilience Project | 10,804 | - | 10,804 | |
| | <u>234,305</u> | <u>-</u> | <u>234,305</u> | <u>185,940</u> |
| <i>Income from local authorities</i> | | | | |
| Aberdeenshire Council | 55,000 | - | 55,000 | 47,700 |
| Highlife Highland | | - | - | 5,000 |
| Dundee Council | 30,396 | - | 30,396 | 31,992 |
| North Lanarkshire Council | 26,972 | - | 26,972 | 34,579 |
| Fife Council | 77,381 | - | 77,381 | 84,550 |
| Perth Council | 44,000 | - | 44,000 | 44,000 |
| Total | <u>233,749</u> | <u>-</u> | <u>233,749</u> | <u>247,821</u> |
| <i>Income from others</i> | | | | |
| SDS | 8,385 | - | 8,385 | 29,935 |
| SCVO | 7,070 | - | 7,070 | - |
| Remploy | 2,400 | - | 2,400 | |
| Big Lottery | - | - | - | 10,000 |
| Robertson Trust | 10,000 | - | 10,000 | 10,000 |
| Adam Family Foundation | 10,000 | - | 10,000 | - |
| Learning Link Scotland | - | - | - | 4,000 |
| PKAVS | 5,950 | - | 5,950 | - |
| Other | - | - | - | 1,125 |
| Total | <u>43,805</u> | <u>-</u> | <u>43,805</u> | <u>55,060</u> |
| Total income from charitable activities 2020 | <u>511,859</u> | <u>-</u> | <u>511,859</u> | <u>488,821</u> |
| Total income from charitable activities 2019 | <u>488,821</u> | <u>-</u> | <u>488,821</u> | <u>488,821</u> |

4. Staff costs

| | Total 2020 £ | Total 2019 £ |
|--|--------------------|--------------------|
| Salaries (including temporary staff) | 406,423 | 403,537 |
| Employer's NIC | 30,502 | 26,702 |
| Pension Contributions | 19,098 | 15,790 |
| Settlements on termination of employment | | |
| | <u>456,023</u> | <u>446,029</u> |

No employees received emoluments in excess of £60,000. (2019: None) Average staff numbers during the year were

Notes to the financial statements (continued)
Year ended 31 March 2020

4. Staff costs (continued)

20 (2019: 19). During the year travel expenses of £299,23 (2019: £82,80) were reimbursed to 3 directors (2019: 2). 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.

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 £166,149 (2019: £157,169).

During the year Lead Scotland paid £nil (2019: £50) to Mindspace Limited for room hire, a company in which T Ilsley is a director.

5. Cost of raising funds

| | Restricted £ | Designated £ | Unrestricted £ | Total 2020 £ | Total 2019 £ |
|----------------------|-----------------|-----------------|-------------------|--------------------|--------------------|
| Wages and salaries | - | - | 12,284 | 12,284 | 12,590 |
| Fundraising expenses | - | - | 417 | 417 | 89 |
| Total 2020 | - | - | 12,701 | 12,701 | 12,679 |
| Total 2019 | - | - | 12,679 | 12,679 | |

6. Charitable activities

| | Restricted £ | Designated £ | Unrestricted £ | Total 2020 £ | Total 2019 £ |
|--------------------------------|-----------------|-----------------|-------------------|--------------------|--------------------|
| Wages & salaries | 443,739 | - | - | 443,739 | 433,439 |
| Other staff costs | 31,582 | | | 31,582 | 28,274 |
| Property costs | 12,804 | | | 12,804 | 16,162 |
| Administration costs | 30,592 | 28 | *(9,339) | 21,280 | 25,706 |
| Meeting costs | 3,484 | | | 3,484 | 1,598 |
| Publications and subscriptions | 1,344 | | | 1,344 | 2,108 |
| Learner costs | 39,448 | | | 39,448 | 19,039 |
| Depreciation | - | | | - | - |
| Governance costs (note 7) | 5,519 | | | 5,519 | 5,136 |
| Total 2020 | 568,512 | 28 | (9,339) | 559,200 | 531,465 |
| Total 2019 | 535,401 | 25 | (3,964) | 531,465 | |

Included in charitable activities are support costs of £65,415 (2019: £69,089).

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

Notes to the financial statements (continued)

Year ended 31 March 2020

7. Governance costs

2020 2019

| | | |
|-------------------------------|--------------|--------------|
| | £ | £ |
| Board/finance committee costs | 1,139 | 936 |
| Audit fees | 4,380 | 4,200 |
| | <u>5,519</u> | <u>5,136</u> |

8. Fixed assets

| | Computer Equipment £ | Office Equipment £ | Total £ |
|-------------------------|----------------------------|--------------------------|---------------|
| Cost | | | |
| At beginning of year | <u>29,006</u> | <u>4,168</u> | <u>33,174</u> |
| At end of year | <u>29,006</u> | <u>4,168</u> | <u>33,174</u> |
| Depreciation | | | |
| At beginning of year | <u>29,006</u> | <u>4,168</u> | <u>33,174</u> |
| Charge for year | - | - | - |
| At end of year | <u>29,006</u> | <u>4,168</u> | <u>33,174</u> |
| Net book value | | | |
| At 31 March 2020 | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31 March 2019 | <u>-</u> | <u>-</u> | <u>-</u> |

9. Debtors

| | 2020 £ | 2019 £ |
|----------------|---------------|---------------|
| Trade debtors | 47,442 | 40,766 |
| Prepayments | 2,139 | 2,183 |
| Accrued Income | - | 34,093 |
| | <u>49,581</u> | <u>77,042</u> |

10. Creditors

| | 2020 £ | 2019 £ |
|-----------------------|---------------|---------------|
| Trade creditors | 10,777 | 6,893 |
| Tax & Social Security | 7,836 | 7,782 |
| Accruals | 10,417 | 10,327 |
| Deferred income | 5,000 | - |
| | <u>34,030</u> | <u>25,002</u> |

Notes to the financial statements *(continued)*

Year ended 31 March 2020

12. Unrestricted reserves

| | Opening funds £ | Incoming resources £ | Outgoing resources £ | Transfers £ | Other recognised gains £ | Closing funds £ |
|--------------------|--------------------|-------------------------|-------------------------|-----------------|-----------------------------|--------------------|
| General fund | 158,302 | 18,666 | (3,362) | (18,610) | 1,362 | 156,358 |
| Dr Ethel Gray fund | 9,431 | - | (28) | - | - | 9,403 |
| | <u>167,733</u> | <u>18,666</u> | <u>(3,390)</u> | <u>(18,610)</u> | <u>1,362</u> | <u>165,761</u> |

| | Opening funds £ | Incoming resources £ | Outgoing resources £ | Transfers £ | Other recognised Gains £ | Closing funds £ |
|--------------------|--------------------|-------------------------|-------------------------|----------------|-----------------------------|--------------------|
| General fund | 159,266 | 12,243 | (8,715) | (3,935) | (557) | 158,302 |
| Dr Ethel Gray fund | 9,456 | - | (25) | - | - | 9,431 |
| Total 2019 | <u>168,722</u> | <u>12,243</u> | <u>(8,740)</u> | <u>(3,935)</u> | <u>(557)</u> | <u>167,733</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 | (157,540) | 15,040 | - |
| Fife | 7,384 | 18,226 | (25,187) | - | 423 |
| North Lanarkshire | 1,235 | 26,972 | (28,793) | 586 | - |
| Dundee | 163 | 30,396 | (30,565) | 6 | - |
| Moray | 6,303 | 20,000 | (18,428) | - | 7,875 |
| Fife Befriending | 8,801 | 33,258 | (39,176) | - | 2,883 |
| Perth Digital | 6,552 | - | (5,000) | - | 1,552 |
| Adult learning in Highlands | 7,388 | 8,385 | (20,682) | 4,909 | - |
| Aberdeenshire Adult Literacy | - | - | - | - | - |
| Partnership | 2,308 | 24,000 | (26,319) | 11 | - |
| Aberdeenshire Activity Agreements | 1,092 | 31,000 | (32,115) | 23 | - |
| Thinking Digital Perth | 530 | - | - | (530) | - |
| Thinking Digital Aberdeen City | 3,026 | - | (3,556) | 530 | - |
| SCVO Digital | - | 7,070 | (4,181) | - | 2,889 |
| Perth & Kinross | 5,544 | 44,000 | (48,169) | - | 1,375 |
| Restricted Donations | 8,120 | 4,903 | (8,945) | - | 4,078 |
| Perth Tech for Change | 2,564 | - | - | - | 2,564 |
| Cyber Resilience Project | - | 10,804 | (10,579) | (225) | - |
| Fife Young Carers | - | 25,897 | (21,665) | - | 4,232 |
| Digital Progression North | - | 81,001 | (85,639) | 4,638 | - |
| PKAVS | - | 5,950 | (780) | (5,170) | - |
| Remploy | - | 2,400 | (1,192) | (1,208) | - |
| | <u>61,010</u> | <u>516,762</u> | <u>(568,511)</u> | <u>18,610</u> | <u>27,871</u> |

Notes to the financial statements *(continued)*

Year ended 31 March 2020

13. Restricted reserves *(continued)*

| 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 |
| 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) | - |
| Total 2019 | 93,314 | 499,162 | (535,401) | 3,935 | 61,010 |

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 via Corra Foundation (core) – contribution towards infrastructure and support costs of the organisation including running the helpline.

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

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

Fife Council Health and Social Care Partnership - funding for the delivery of Lead’s learning and befriending services in Fife

Aberdeenshire Council Adult Literacy Partnership – funding for the delivery of learning services in Aberdeenshire.

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

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

Notes to the financial statements *(continued)*

Year ended 31 March 2020

13. Restricted reserves *(continued)*

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

Scottish Government – funding for a Cyber Resilience Project

PKAVS – funding to hold learning sessions for carers

Remploy - funding for the delivery of Lead’s learning services in North Lanarkshire

Moray - Robertson Trust and Adam Family Foundation – funding for the delivery of Lead’s learning services in Moray.

Adult Learning in Highland - National Third Sector Fund – funding for the delivery of Lead’s learning services in Highland

Digital Progression North - Scottish Government Social Economy Growth Fund - funding for the delivery of Lead’s digital learning services in Aberdeenshire, Moray and Highland.

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

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

Thinking Digitally Perth - funding to deliver Thinking Digitally to Community Learning and Development workers and other practitioners identified by the funder

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

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

Fife Young Carers – Fife Council funding to provide befriending services to young carers in Fife

SCVO Digital - funding to support disabled people to co-create a digital skills course, published on an Open University platform

Notes to the financial statements *(continued)*
Year ended 31 March 2020

14. Analysis of net assets between funds

| | Restricted | Unrestricted | 2020 | 2019 |
|--|----------------------|-----------------------|-----------------------|-----------------------|
| | £ | £ | £ | £ |
| Balance at 31 March 2020 represented by; | | | | |
| Tangible assets | - | - | - | - |
| Net current assets | 27,871 | 215,979 | 243,850 | 289,662 |
| Provisions for liabilities | - | (50,218) | (50,218) | (60,919) |
| | <u>27,871</u> | <u>165,761</u> | <u>193,632</u> | <u>228,743</u> |

| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |
|--|-------------------|---------------------|-----------------|-----------------|
| | 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>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> |
| Total 2019 | 93,314 | 167,733 | 228,743 | 262,035 |
| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |

Notes to the financial statements *(continued)*
Year ended 31 March 2020

15. Leasing commitments

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

| | 2020 | 2019 |
|---|----------------------|----------------------|
| | Buildings | Buildings |
| | £ | £ |
| Not later than one year | 450 | 4,428 |
| Later than one year and not later than five years | | |
| | <u>450</u> | <u>4428</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:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| | £ | £ |
| Provision at start of period | 60,919 | 64,326 |
| Unwinding of the discount factor (interest expense) | 7,71 | 1,029 |
| Deficit contribution paid | (10,110) | (8,289) |
| Remeasurements – impact of any change in assumptions | (1,362) | 557 |
| Remeasurements – amendments to the contribution schedule | - | 3,296 |
| | <u>50,218</u> | <u>60,919</u> |

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 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 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Notes to the financial statements *(continued)*
Year ended 31 March 2020

16. Provision for liabilities and charges (continued)

Deficit contributions

| | | |
|--|------------------------------|---|
| From 1 April 2019 to 31 January 2025: | £11,243,000 per annum | (payable monthly and increasing by 3% each on 1st April) |
|--|------------------------------|---|

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. 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) |

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 2020 (£s) | 31 March 2019 (£s) | 31 March 2018 (£s) |
|----------------------------|-----------------------|-----------------------|-----------------------|
| Present value of provision | 50,218 | 60,919 | 64,326 |

| Income and expenditure impact | Period ending 31 March 2020 £ | Period ending 31 March 2019 £ |
|--|--|--|
| Interest expense | 771 | 1,029 |
| Remeasurements – impact of any change in assumptions | (1,362) | 557 |
| Remeasurements – amendments to the contribution schedule | - | 3,296 |

16. Provision for liabilities and charges (continued)

Assumptions

| | 31 March 2020 % per annum | 31 March 2019 % per annum | 31 March 2018 % per annum |
|------------------|------------------------------|------------------------------|------------------------------|
| Rate of discount | 2.53 | 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 2020 (£s) | 31 March 2019 (£s) | 31 March 2018 (£s) |
|-------------|-----------------------|-----------------------|-----------------------|
| Year 1 | 10,413 | 10,110 | 8,289 |
| Year 2 | 10,725 | 10,413 | 8,538 |
| Year 3 | 11,047 | 10,725 | 8,794 |
| Year 4 | 11,378 | 11,047 | 9,058 |
| Year 5 | 9,767 | 11,378 | 9,330 |
| Year 6 | - | 9,767 | 9,610 |
| Year 7 | - | - | 9,898 |
| Year 8 | - | - | 5,097 |
| Year 9 | - | - | - |
| Year 10 | - | - | - |

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 2017 the total deficit calculated on the buy-out basis was £187.2m.

Notes to the financial statements *(continued)*
Year ended 31 March 2020

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 2017. 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 (2019: £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 (2019: £11,084) and at the year there were outstanding contributions to the scheme of £0 (2019 £0).