

LEUCHIE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY REGISTRATION NO: SC392721

CHARITY NO: SC042249

WHITELAW WELLS
Chartered Accountants
9 Ainslie Place
Edinburgh EH3 6AT

LEUCHIE

FINANCIAL STATEMENTS

For the year ended 31 December 2018

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LEUCHIE

REPORT OF THE TRUSTEES

For the year ended 31 December 2018

The Trustees are pleased to present their annual Trustees' report together with the financial statements of the Charity for the year ending 31 December 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Purpose

The purposes of the company shall be wholly charitable. In particular, the purposes shall be:-

- a) To advance health by enhancing the quality of life of people affected by long term physical disability, including carers, through the provision and promotion of respite care or short term breaks for respite purposes, and the provision and promotion of knowledge and understanding of long term conditions and the available services, in order to improve care and support for people affected by long term conditions and their families and carers and otherwise generally to promote the advancement of health and quality of life amongst people within the United Kingdom; and
- b) To promote such similar charitable purposes, objects or institutions and in such proportions and manner as the Trustees shall think fit.

Aims and activities

Leuchie House specialises in providing respite breaks for people with long term neurological conditions, including for example Multiple Sclerosis, Parkinson's, Motor Neurone disease and stroke. This activity also supports carers, who are able to take a break from their caring role either at Leuchie or elsewhere safe in the knowledge that their loved one is receiving excellent care.

Leuchie breaks offer a true holiday experience, choice and independence with expert care and support. Our mission is a simple one:

***"To enhance the lives of people with long term conditions, and their carers,
through the provision of individualised breaks that improve their quality of life"***

Objectives

To make this a reality, the following goals were identified to ensure the service truly succeeds in its mission in 2018:

- Improve guest satisfaction
- Enhance staff expertise and knowledge
- Establish and/or increase brand awareness
- Find new markets for products or services
- Improve employee satisfaction
- Reduce operational costs
- Review all operational and administration processes

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2018

ACHIEVEMENT AND PERFORMANCE

Charitable activities

In 2018 the Scottish Government supported the development of a National Neurological Action Plan, to which Leuchie has contributed and which identifies the need for respite. It remains the case that almost one in five of Scotland's unpaid carers has not had a day's break in five years. It is of no surprise to the Trustees that this year we experienced a further increase in demand, demonstrating the need for respite breaks and in particular the services offered by Leuchie. Leuchie provided more respite care in 2018 to a wider range of people than ever before.

Guest numbers continued to increase and income from respite breaks continued to grow, attracting £1,025,605 of fee and associated income through our guests. However, the income did not keep pace with the costs of meeting those breaks and in the year we experienced particularly high agency staffing costs, as recruitment struggled to keep pace with demand for respite nights.

Leuchie was well supported by donors, generous benefactors, the wider community and the Scottish Government in the year, receiving £989,866 in grants and donations, an increase of over £265,000 on 2017. Leuchie requires and is very grateful for the continued support of the Scottish Government through its 5 year commitment to a grant of £300k per annum. This support will assist the Trustees in their continued aim to achieve the financial sustainability of Leuchie in the medium to long term. We would take this opportunity to thank all our donors, funders and the Scottish Government for their financial support as without this support Leuchie could not continue to provide the vital services it does.

The team worked throughout the year to improve the quality of care as measured by the Care Inspectorate. Whilst we recognise the need to continue to do more, we are pleased that the changes in our systems and processes have resulted in improved grades from the Care Inspectorate.

Leuchie benefits significantly from the invaluable support and encouragement received from its volunteers, without whom Leuchie could not function. The Trustees are extremely grateful to all the volunteers for their continued support.

Our commitment to delivering the complex care our guests require through our highly skilled staff and being a Living Wage Employer remains unchanged. We acknowledge and thank all the staff at Leuchie for the incredible commitment, hard work and care shown by them in providing the services to our guests.

FINANCIAL REVIEW

Leuchie operations produced a deficit for the year of £33,603 (2017 – £20,370). The total value of funds held at 31 December 2018 amounted to £166,603 (2017 - £200,206) comprising £92,971 (2017 - £86,541) of a restricted nature and £73,632 (2017: £113,665) of an unrestricted nature.

At 31 December 2018 there was a deficit on the General fund of £47,517 arising mainly from the transfers to the designated Fixed Assets Funds. The Trustees are aware of this deficit and are working on solutions to rectify the deficit on the General Fund at the earliest opportunity.

Principal funding sources

Leuchie receives funding from three main sources:

- fees from guests for use of the Leuchie service;
- voluntary donations and fundraising; and
- statutory funding.

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2018

Reserves policy

In the Trustees view, the reserves should provide the Charity with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. In this respect as the Charity develops the Trustees are working towards the aim of maintaining the Charity's reserves at a level which is at least equivalent to six months net operating expenditure, currently around £400k. However, the Trustees acknowledge that in the short term, the reserves policy is only satisfied through our relationship with donors and the Leuchie Forever Fund, which is established to support the work of Leuchie and which holds a strong balance in its account and the Trustees in conjunction with the senior management team are continuing to review ways to improve the Charity's reserves.

Principal risks and uncertainties

Leuchie maintains a comprehensive Risk Register which is the principal tool for the management of risk. The Trustees and senior management team regularly monitor the key risks identified in the Risk Register and adjust where necessary. The principal risks facing the charity are:

Financial – Leuchie operates with a robust set of financial controls. However, it operates in cyclical and potentially vulnerable markets which need constant monitoring. The Charity remains committed to an incremental approach to developing its reserves and reviewing financial plans and budgets to ensure that financial risks are minimised. Leuchie is reliant on the Scottish Government to meet a significant proportion of its expenditure on an annual basis. The Scottish Government's five year commitment to supporting Leuchie will, in addition to reducing the financial risk, also strengthen other fundraising activities in general. The Charity prepares a detailed annual budget, comprising monthly profit & loss accounts, balance sheet and cash flows, and performance is monitored and reviewed against the budget throughout the year.

Operational – Leuchie works with a wide range of different clients who have dynamically varying and complex health conditions, the operational delivery of which involves, many staff and volunteers. As a result the organisation is faced with a large number of potential risks to manage including appropriate staffing levels, health and safety and the welfare of all involved. These are managed through an active programme of audits, regular site visits and reviews by senior staff, along with induction training for all staff and volunteers, pre-admission review of guests' needs and the maintenance of high standards through adherence to clear and robust policies. In addition, Leuchie undertakes regular benchmarking exercises to ensure its employment packages are in line with and competitive for the market sector. Leuchie has an actively monitored Action Plan to ensure its adherence to regulatory standards.

Reputational – Leuchie has a high profile across Scotland as the national respite centre for people with long term conditions. The Charity is well known and respected in health and social care services circles. As well as being a high profile charity in the local community Leuchie enjoys significant local support in terms of fundraising and volunteers. In addition a large proportion of Leuchie's income, both from the use of its charitable services and fundraising activities, comes from members of the public. Reputational damage is therefore a critical risk for the charity. Because of this, Leuchie takes every opportunity to maintain its high standards of operational and financial management and to communicate regularly with stakeholders and supporters, portraying a positive image in the media through regular events, press releases and promotional materials and an active social media presence on Facebook and Twitter.

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2018

FUTURE PLANS

At the end of 2018 the founding CEO, Mairi O'Keefe decided to retire. The Trustees wish to acknowledge the significant contribution made by Mairi since she generated sufficient backing to set Leuchie up as an independent charity in July 2011. The Trustees are delighted that Mairi has agreed to become Patron of Leuchie alongside Gavin Hastings.

Following Mairi's retirement, the Trustees, along with the new Chief Executive Mark Bevan and the Senior Management team, together with support from Inspiring Scotland and others, have undertaken a significant review of the operation of Leuchie House.

This review has recognised the need to focus on 3 priorities:

- Improve the quality of care as measured by the Care Inspectorate
- Improve financial viability and
- Invest in our environment and our infrastructure for our guests and our staff team

The wider staff team have been involved in considering how we might achieve our ambitions.

In 2019 we will focus on what we know we do well and we will modernise. We have improved our pre-placement assessment, which is now nurse led and we will concentrate on meeting the needs of people with a smaller group of conditions mainly MS, Parkinson's, MND and Stroke.

We have converted most of our double occupancy rooms to single rooms, keeping a few doubles for those who prefer to share with family/ friends.

We have changed the way we plan for the care and support we deliver and we are changing how we organise our workforce, to improve the service we offer and to minimise the costs associated with providing this service.

These actions have been recognised by the Care Inspectorate and in an unannounced inspection in January 2019 Leuchie was awarded an increase to grade 4 (Good) in every aspect of the service. There are no outstanding Requirements or Recommendations resulting from the inspection. This has been a huge boost to morale and vindication of the improved processes that have been implemented.

Based on the proposed changes we anticipate incurring a small deficit in 2019 due to the additional one off costs associated with the changes, however, under the current operating structure Leuchie will generate a surplus in 2020 which will enable Leuchie to invest further in our development and in our reserves.

At the year end Leuchie sought and secured sums, equivalent to 25% of our turnover to invest in upgrading the premises and improving the IT systems used throughout the operation. Our office and administration as well as our care assessments, planning and management processes will all be upgraded. These changes, as well as providing benefits to our guest experience, will assist our staff to focus their time on working directly with our guests and not on burdensome administration.

Having established the changes outlined above, towards the middle of 2019 the Trustees and the senior management team will re-visit plans for the future development of Leuchie, to enable Leuchie to offer more of what it does well, to more people in 2020.

The Trustees are continuing to work closely with the Trustees of the Leuchie Forever Fund whose principal aim is to raise funds to support Leuchie achieve its target of financial sustainability and to assist with the wider development of the Leuchie model through the provision of additional capacity.

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is controlled by its governing document, a deed of Trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. The liability of each member in the event of winding up is limited to a-£1.

Recruitment and appointment of new Trustees

The Board of Trustees has a Nominating Committee. Candidates are interviewed by the Nominating Committee and recommendations made to the Board of Trustees who then decide on the appointment of Trustees. The Charity operates a rotation policy in respect of Trustees. Movements in Trustees are shown on page 6.

Induction and training of new Trustees

On appointment new Trustees receive a Trustees Handbook, which covers all aspects of the Charity including Policies and Procedures, OSCR Guidance for Charity Trustees, the latest Care Inspectorate Report and Leuchie's organisation chart. In addition the new Trustees meet with the Senior Management Team for an induction visit.

Organisational structure

Leuchie has a Board of Trustees, supported by two sub-committees, to which the senior management team report. The Chief Executive of the Charity has two Senior Managers reporting to her, with responsibility for Operations and for Fundraising & Business Development.

The two sub-committees, namely the Finance Committee and the Operations Committee meet throughout the year to discuss matters relevant to these committees and comprise members from the Trustees and the senior management team.

The Trustees consider the Board of Trustees and the Chief Executive comprise the key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Directors give of their time freely and no Director received remuneration in the year.

Key management remuneration

Leuchie House staff, including all key management staff, are contractually entitled to an annual salary review. The salary review looks at equivalent marketplace salaries for each role within Leuchie and assesses where Leuchie staff are against the marketplace average and whether any adjustments to salaries for specific roles are warranted. Where particular roles may be difficult to recruit for due to locality or required skillsets, this may also be a factor influencing increases to salary.

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2018

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name	Leuchie (also known as "Leuchie House")	
Charity Number	SC042249	
Company Number	SC392721	
Patrons	Gavin Hastings Mairi O'Keefe	
Trustees	Sir David Tweedie Kevin Woods Captain Paul Du Vivier Rhona Brankin Ann Butterfield Jacquelyn Chaplin Gordon Davies Stephen Dean Mark Hazelwood Richard Meade John McCluskie Keith Murdoch Sophie Tulloch David Ogilvie Stephen Pearson	Chair Vice Chair (resigned 3 July 2018) (appointed 23 April 2018) (appointed 3 July 2018) (resigned 10 January 2019) (appointed 10 January 2019) (resigned 3 July 2018)
Company Secretary	Heather Kilfara	
Key Management Personnel	Mairi O'Keefe (Chief Executive) (resigned 2 November 2018) Mark Bevan (Chief Executive) (appointed 2 November 2018) Carolyn Roulstone (Head of Fundraising and Business Development) Rebecca Everett (Head of Operations)	
Registered Office and Operational Address	Leuchie House North Berwick, East Lothian EH39 5NT	
Senior Statutory Auditor	Kevin Cattanach	
Independent Auditors	Whitelaw Wells Statutory Auditor 9 Ainslie Place Edinburgh EH3 6AT	
Bankers	Royal Bank of Scotland 32 Court Street, Haddington EH41 3NS	

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2018

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

Company law requires the Charity Trustees to prepare financial statements for each 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 the income and expenditure, of the charitable company for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

The Trustees 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 and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Trustee has taken all the steps he ought to have taken as a Trustee in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

A resolution to re-appoint Whitelaw Wells as auditors for the ensuing year will be proposed at the annual general meeting.

The report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the Board of Trustees on 25 June 2019 and signed on its behalf by:-


.....
Keith Murdoch, Trustee

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the financial statements of Leuchie for the year ended 31 December 2018, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), 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 FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- Proper accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity 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 report in accordance with the Act 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2018

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and the trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's members 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 and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Cattnach

Senior Statutory Auditor

for and on behalf of Whitelaw Wells, Statutory Auditor

Whitelaw Wells is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

9 Ainslie Place

Edinburgh EH3 6AT

25 June 2019

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STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 December 2018

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Income and Endowments from:					
<i>Donations and legacies</i>					
Grants and donations	2	823,550	166,316	989,866	721,080
Legacies		-	-	-	8,159
<i>Charitable activities</i>					
Short break care	4	1,025,605	-	1,025,605	1,015,871
Other trading activities	5	118,764	-	118,764	244,773
Investment income		36	-	36	13
Other income – renewable heat incentive		22,656	-	22,656	17,582
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total		1,990,611	166,316	2,156,927	2,007,478
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditure on:					
<i>Raising funds</i>					
		135,125	-	135,125	142,259
<i>Charitable activities</i>					
		1,891,781	163,624	2,055,405	1,885,589
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	6	2,026,906	163,624	2,190,530	2,027,848
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net (Expenditure)/Income	7	(36,295)	2,692	(33,603)	(20,370)
Transfer between funds	14	(3,738)	3,738	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net movement in funds		(40,033)	6,430	(33,603)	(20,370)
Reconciliation of Funds					
Total Funds Brought Forward		113,665	86,541	200,206	220,576
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Funds Carried Forward		73,632	92,971	166,603	200,206
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

The results for the year derive from continuing activities.
There are no gains or losses other than those shown above.
The notes on pages 14 – 25 form part of these financial statements.

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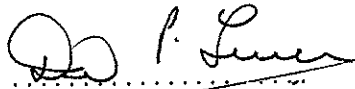
BALANCE SHEET

As at 31 December 2018

	Note	£	2018 £	£	2017 £
Fixed Assets					
Tangible assets	10		146,527		119,525
Current Assets					
Debtors	11	116,933		106,611	
Cash at bank and in hand		100,933		162,311	
			217,866		268,922
Creditors: Amounts falling due within one year	12	(197,790)		(188,241)	
Net Current Assets			20,076		80,681
Net Assets			166,603		200,206
Funds	14				
Unrestricted funds			73,632		113,665
Restricted funds			92,971		86,541
Total Funds			166,603		200,206

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

These financial statements were approved by the Board of Trustees on 25 June 2019 and were signed on its behalf by:



Sir David Tweedie
Trustee



Keith Murdoch
Trustee

Company Registration No: SC392721

The notes on pages 14 - 25 form part of these financial statements.

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CASH FLOW STATEMENT

As at 31 December 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	17	25,918	32,723
Cash flows from investing activities			
Interest received		36	13
Purchase of property, plant and equipment		(87,332)	(14,971)
Net cash used in investing activities		(87,296)	(14,958)
Cash flows from financing activities			
Repayments of borrowings		-	-
Cash inflows from new borrowings		-	-
Net cash (used in) financing activities		-	-
Change in cash and cash equivalents in the reporting period		(61,378)	17,765
Cash and cash equivalents at the beginning of the year		162,311	144,546
Cash and cash equivalents at the end of the year		100,933	162,311

The notes on pages 14 - 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparing the financial statements

The financial statements have been prepared in accordance with 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 (FRS102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Leuchie meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recorded at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Preparation of the accounts on a going concern basis

The charity reported a net cash outflow of £61,378 in the year and a decrease in total funds of £33,603 to £166,603 of which the general fund is now in deficit by £47,517. The Trustees have prepared cash flow projections for the twenty four months to December 2020 and these indicate that the charity should be in a position to honour debts and obligations as they arise, assuming that grant income is received in a timely manner. The Trustees are continuing to work hard to secure a stable funding position for the Charity and work towards the stated aim of holding one year's net operating expenditure in reserves, currently c. £800K. During last year the Scottish Government confirmed their commitment to provide five year funding support, subject to certain conditions being met, of £300,000 per annum upto March 2023. Additionally, the Trustees of the Leuchie Forever Fund have indicated they will continue to support the charitable company, the Trustees continue to adopt the going concern basis of accounting.

Income

All income is included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations and legacies are included in full in the Statement of Financial Activities when receivable. Income from activities for generating funds is recognised as earned, as the related services are provided.
- Investment income is included when receivable.
- Grants, where entitlement is not conditional on the delivery of a specific performance by the Charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Income from service level agreements, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.
- Income is only deferred where entitlement conditions have not been met or related services have not been provided as at the year end.
- The Charity is grateful for volunteers and donations-in-kind, which are not recognised in the accounts as the benefit to the Charity cannot be reasonably quantified.

NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

1. Accounting Policies (cont)**Expenditure and irrecoverable VAT**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the direct costs of fundraising activities together with associated support costs.
- Expenditure on charitable activities includes the costs of providing all aspects of the activities undertaken to further the purposes of the Charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of 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 between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in the notes to the accounts.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:-

Plant and machinery	20% straight line
Fixtures and fittings	25% straight line
Computer equipment	33.33% straight line
Leasehold improvements	20% straight line

Items of equipment are capitalised where the purchase price exceeds £750.

Taxation

The Charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees.

Designated funds. These are the funds set aside by the Trustees out of unrestricted general funds for future purposes or projects.

NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

1. Accounting Policies (cont)

Fund accounting (cont)

Restricted funds can only be used for particular restricted purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2. Income from Grants and Donations

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Donations	435,899	17,150	453,049	236,251
Gift Aid	37,056	-	37,056	20,997
Grants (note 3)	350,595	149,166	499,761	463,832
	<hr/>	<hr/>	<hr/>	<hr/>
	823,550	166,316	989,866	721,080
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Income from donations was £989,866 (2017: £721,080) of which £823,550 (2017: £576,911) was unrestricted and £166,316 (2017: £144,169) was restricted.

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

3. Grants	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
The Scottish Government	312,500	-	312,500	300,000
The Robertson Trust	-	25,000	25,000	25,000
The R S Macdonald Charitable Trust	-	25,065	25,065	22,000
Garfield Weston Foundation	-	-	-	20,000
The Morrison Foundation	-	-	-	10,087
Barcapel Foundations	-	5,000	5,000	10,000
G C Gibson Charitable Trust	10,000	-	10,000	10,000
Bank of Scotland Foundation	-	-	-	7,765
Christina Mary Hendrie Trust	-	-	-	7,715
The Hugh Fraser Foundation	-	-	-	5,000
The Rosamunde Pilcher Foundation	-	3,000	3,000	5,000
AMW Charitable Trust	-	5,000	5,000	-
Alistair and Margaret Miller Charitable Trust	5,000	-	5,000	-
Anton Jurgens Charitable Trust	-	5,600	5,600	-
Crerar Hotel Trust	-	24,651	24,651	-
Merchants House of Glasgow	-	5,000	5,000	-
Schuh Trust	-	6,000	6,000	-
Derek Stewart Charitable Trust	-	5,000	5,000	-
Souter Charitable Trust	-	5,000	5,000	-
Other grants (individually less than £5,000)	23,095	34,850	57,945	41,265
	<u>350,595</u>	<u>149,166</u>	<u>499,761</u>	<u>426,567</u>

4. Income from Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Short break care:				
Fees	984,350	-	984,350	977,598
Expenses recharged to guests	19,946	-	19,946	14,795
Staff meal income	3,304	-	3,304	3,095
Carers fees	18,005	-	18,005	20,383
	<u>1,025,605</u>	<u>-</u>	<u>1,025,605</u>	<u>1,015,871</u>

Income from charitable activities was £1,025,605 (2017: £1,015,871) of which £1,025,605 (2017: £1,015,871) was unrestricted and £Nil (2017: £nil) was restricted.

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

5. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Fundraising events	111,333	-	111,333	230,832
Residents shop income & other sales	7,431	-	7,431	13,941
	<u>118,764</u>	<u>-</u>	<u>118,764</u>	<u>244,773</u>

Income from charitable activities was £118,764 (2017: £244,773) of which £118,764 (2017: £234,773) was unrestricted and £Nil (2017: £10,000) was restricted.

6. Expenditure

	Raising Funds £	Short Break Care £	Total Funds 2018 £	Total Funds 2017 £
<i>Direct costs</i>				
Staff costs	85,189	1,161,822	1,247,011	1,157,597
Other overheads	49,936	120,234	170,170	193,552
<i>Support costs</i>				
Staff costs	-	410,117	410,117	357,916
Finance costs	-	6,041	6,041	6,496
Property costs	-	145,674	145,674	117,301
Other overheads	-	144,557	144,557	137,975
Depreciation	-	60,330	60,330	50,261
<i>Governance costs</i>				
Auditor fees	-	6,630	6,630	6,750
	<u>135,125</u>	<u>2,055,405</u>	<u>2,190,530</u>	<u>2,027,848</u>

Expenditure was £2,190,530 (2017: £2,027,848) of which £2,026,906 (2017: £1,880,924) was unrestricted and £163,624 (2017: £146,924) was restricted.

Further analysis of the charitable activities is not provided as the Trustees believe the Charity only has one main activity. Cost of Raising Funds is allocated on the basis of staff time.

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

7. Net (expenditure)/income for the year

This is stated after charging:

	2018	2017
	£	£
Auditor's remuneration – audit fees	6,660	6,480
Auditor's remuneration – non-audit fees	5,130	5,239
Depreciation – owned assets	60,330	50,261
Hire of plant and machinery	537	917
Other operating leases – service charge	21,806	12,569
	<u> </u>	<u> </u>

8. Trustees' Remuneration and Benefits

There was no Trustees' remuneration or other benefits for the year ended 31 December 2018 nor for the year ended 31 December 2017.

Trustees' expenses

No Trustee was reimbursed expenses in the year (2017: no Trustees).

Donations from Trustees

During the year, Trustees donated a total of £4,568 (2017: £2,236) to the Charity.

9. Staff Costs

	2018	2017
	£	£
Wages and salaries	1,428,850	1,223,225
Agency staff	116,803	193,303
Social security costs	88,608	82,856
Other pension costs	22,868	16,129
	<u> </u>	<u> </u>
	1,657,129	1,515,513
	<u> </u>	<u> </u>

No employee received emoluments in excess of £60,000 in either the current or previous year.

During the year an employee tribunal case took place in which a settlement payment was agreed totalling £2,500 (2017: £Nil).

Key management personnel remuneration

The key management personnel are considered to be the Trustees and the Chief Executive, Head of Operations and Head of Fundraising and Business Development. The total of key management remuneration was £176,529 (2017: £140,482).

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

9. Staff Costs (cont)

The average monthly number of employees during the year was as follows:-

	2018 Number	2017 Number
Senior management	3	3
Administration and support	8	9
Service providers	78	68
	<hr/>	<hr/>
	89	80
	<hr/> <hr/>	<hr/> <hr/>

10. Tangible Fixed Assets

	Improvements to Property £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Totals £
Cost					
At 1 January 2018	136,355	55,473	18,662	77,622	288,112
Additions	-	85,433	-	1,899	87,332
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	136,355	140,906	18,662	79,521	375,444
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2018	62,647	20,992	18,448	66,500	168,587
Charge for year	23,820	28,275	182	8,053	60,330
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	86,467	49,267	18,630	74,553	228,917
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At 31 December 2018	49,888	91,639	32	4,968	146,527
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2017	73,708	34,481	214	11,122	119,525
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

11. Debtors: amounts falling due within one year	2018 £	2017 £
Trade debtors	93,146	71,387
Other debtors	4,017	-
Prepayments and accrued income	19,770	35,224
	<u>116,933</u>	<u>106,611</u>
	<u><u>116,933</u></u>	<u><u>106,611</u></u>
12. Creditors: amounts falling due within one year	2018 £	2017 £
Other loans	7,300	5,000
Trade creditors	90,568	87,885
Social Security and other taxes	29,100	22,598
Other creditors	5,800	7,336
Accruals and deferred income	60,626	63,096
Pension	4,396	2,326
	<u>197,790</u>	<u>188,241</u>
	<u><u>197,790</u></u>	<u><u>188,241</u></u>

Included within accruals and deferred income is deferred income which comprises:

	£
Brought forward	29,674
Released to income in the year	(29,674)
Deferred in year	35,980
	<u>35,980</u>
Carried forward	<u><u>35,980</u></u>

Deferred income consists of receipts in advance for short breaks of £35,980 (2017: £29,674).

Other loans are interest free and repayable within the next twelve months.

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

13. Operating Lease Commitments

Minimum lease payments under non-cancellable leases fall due as follows:-

	Equipment 2018 £	Property 2018 £	Equipment 2017 £	Property 2017 £
Within one year	1,893	21,806	1,893	25,000
Between one and five years	1,386	87,224	3,234	100,000
In more than five years	-	55,262	-	88,542
	<u>3,279</u>	<u>164,292</u>	<u>5,127</u>	<u>213,542</u>

14. Funds

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2018 £
Unrestricted funds					
General Fund	27,648	1,990,611	(1,981,747)	(84,029)	(47,517)
Designated Funds					
Fixed assets	86,017	-	(45,159)	80,291	121,149
	<u>113,665</u>	<u>1,990,611</u>	<u>(2,026,906)</u>	<u>(3,738)</u>	<u>73,632</u>
Restricted funds					
Fixed assets	56,089	24,650	(31,683)	3,678	52,734
Staff costs	26,774	101,966	(110,918)	60	17,882
Other restricted funds	3,678	39,700	(21,023)	-	22,355
	<u>86,541</u>	<u>166,316</u>	<u>(163,624)</u>	<u>3,738</u>	<u>92,971</u>
Total Funds	<u>200,206</u>	<u>2,156,927</u>	<u>(2,190,530)</u>	<u>-</u>	<u>166,603</u>

The above funds at the end of the year represent:-

Purposes of Designated Funds

Fixed asset

A designated fund has been set up to represent the balance of unrestricted fixed assets to which depreciation will be charged.

NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

14. Funds (cont)

Restricted Fixed assets: the net book value of fixed assets purchased with restricted donations. Transfers represent unrestricted funds used to assist in the purchase of assets partially funded by a restricted grant.

Staff costs: funds received towards specific staff costs.

Other restricted funds: These represent various donations made to the Charity for various restricted purposes (other than the funds above). The Charity maintains a detailed register of the donations including their purpose and use of the funds.

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2017 £
Unrestricted funds					
General Fund	52,874	1,853,309	(1,862,420)	(16,115)	27,648
Designated Funds					
Fixed assets	95,286	-	(25,415)	16,146	86,017
	<u>148,160</u>	<u>1,853,309</u>	<u>(1,887,835)</u>	<u>31</u>	<u>113,665</u>
Restricted funds					
Fixed assets	59,529	23,544	(26,953)	(31)	56,089
Staff costs	12,887	109,635	(95,748)	-	26,774
Other restricted funds	-	20,990	(17,312)	-	3,678
	<u>72,416</u>	<u>154,169</u>	<u>(140,013)</u>	<u>(31)</u>	<u>86,541</u>
Total Funds	<u>220,576</u>	<u>2,007,478</u>	<u>(2,027,848)</u>	<u>-</u>	<u>200,206</u>

15. Pension Commitments

During the year the Charity operate personal pension plans for all employees. The charge for the year was £22,868 (2017: £16,129) of which £4,396 (2017: £2,326) was outstanding at the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

16. Analysis of Net Assets Between Funds

Analysis for 2018	Unrestricted £	Restricted £	Total Funds £
Tangible fixed assets	121,149	25,378	146,527
Current assets	150,273	67,593	217,866
Current liabilities	(197,790)	-	(197,790)
	<u>73,632</u>	<u>92,971</u>	<u>166,603</u>

Analysis for 2017	Unrestricted £	Restricted £	Total Funds £
Tangible fixed assets	86,017	33,508	119,525
Current assets	215,889	53,033	268,922
Current liabilities	(188,241)	-	(188,241)
	<u>113,665</u>	<u>86,541</u>	<u>200,206</u>

17. Cashflow from Operating Activities

	2018 £	2017 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(33,603)	(20,370)
Adjustments for:		
Depreciation charges	60,330	50,261
Interest received	(36)	(13)
(Increase)/decrease in debtors	(10,322)	(11,791)
Increase/(decrease) in creditors	9,549	14,636
	<u>25,918</u>	<u>32,723</u>
Net cash provided by operating activities	<u>25,918</u>	<u>32,723</u>

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2018

18. Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	569	323
Instant access bank deposits	100,364	161,988
	<hr/>	<hr/>
Total cash and cash equivalents	100,933	162,311
	<hr/> <hr/>	<hr/> <hr/>

19. Capital commitment

As at the year end the charity had committed to purchase a minibus at a cost of £Nil (2017: £89,148).

20. Related party disclosure

Transactions relating to related parties are disclosed in Note 8. No other related party transactions occurred during the year.