

Registered number: SC280397  
Charity number: SC030516

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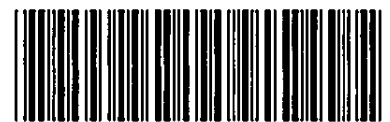
## SCOTTISH LOVE IN ACTION

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### TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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## SCOTTISH LOVE IN ACTION

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**TRUSTEES  
FOR THE YEAR ENDED 30 JUNE 2012**

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**Trustees**

Gillie Davidson, Chairperson

Brian Barron, Convenor

Robert Dick

Robin Fallas

Susan Inch

Malcolm Jack

Barbara Watts

James Inch (appointed 24 August 2011)

James Young (appointed 24 August 2011)

Christopher Horne (appointed 24 August 2011)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY AND ADVISERS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**Company registered number**

SC280397

**Charity registered number**

SC030516

**Registered office**

St Ninians Centre  
140 The Pleasance  
Edinburgh  
EH8 9RR

**Executive Director**

Colin McRae

**Company secretary**

Victoria Watson

**Auditors**

French Duncan LLP  
Chartered Accountants & Statutory Auditors  
56 Palmerston Place  
Edinburgh  
EH12 5AY

**Bankers**

Bank of Scotland  
Morningside Road  
Edinburgh  
EH16 6NL

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## SCOTTISH LOVE IN ACTION

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### TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2012

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Scottish Love in Action (the company) for the year ended 30 June 2012. The Trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Governance document

The company, which is a recognised charity in Scotland, is constituted under a Memorandum of Association dated 23 January 2005.

##### Appointment of Trustees

The Board has planned for rotation of trustees. New Trustees are selected according to the skills that the Board feels are required.

The charity has an approved policy for the induction of new Trustees.

Three new Trustees were appointed on 24 August 2011.

##### Board of Trustees

The Trustees make the strategic decisions regarding the charity and delegate day to day operations to the Executive Director.

The Board of Trustees meets at least six times a year.

During the year the Trustees and executive team prepared and approved a new development plan and fundraising strategy for 2012-2015.

##### Audit committee

The members of the Audit Committee are:

Robert Dick (Chairperson)  
Brian Barron  
Barbara Watts  
Peter Yellowlees (Non Trustee)  
Jim Young (appointed 27 September 2012)

The Audit Committee undertakes detailed review of the Annual Accounts and maintains oversight of the year end accounting and audit processes.

##### Risk Management

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

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## SCOTTISH LOVE IN ACTION

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

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#### OBJECTIVES AND ACTIVITIES

##### Objectives and aims

The overall objective of the charity is to care for and support destitute children in India. It does this by providing funding and other support to NASA (Nazereth Association of Social Awareness) our non-governmental organisation (NGO) partner. SLA funds two Home-cum-Schools run by NASA, one in Tuni and one in Hyderabad, both in the State of Andhra Pradesh in South-East India.

The charity raises funds to feed, clothe, educate and provide medical care to 600 children who are either orphans or whose remaining relatives cannot support them.

We have a joint vision with NASA to provide each child with the life skills and education necessary to develop their potential, to lead independent lives and to realise their dreams, thus escaping the poverty trap for themselves and future generations.

##### Activities

The charity promotes its profile and raises funds by conducting fundraising events; by giving talks to groups and schools; and by issuing newsletters to supporters and potential supporters.

We also approach trusts and businesses for support and encourage the commitment of regular giving from individual supporters.

##### Volunteers

The charity relies on the significant support of volunteers, for which the Board is very grateful. It does not attribute a value in monetary terms to this support in the Statement of Financial Activities.

#### ACHIEVEMENTS AND PERFORMANCE

##### REVIEW OF ACTIVITIES

During the year, Scottish Love in Action has continued to develop its support for destitute children in India.

##### 1. Tuni

In the Tuni Home-cum-School, SLA has been able to provide funding to enable our Indian partner to feed, clothe, house, educate and provide medical care for 500 children.

##### Capital Projects

- SLA has funded maintenance work in the compounds including drainage and electrical repairs
- Through the generous support of a legacy a new block has been constructed to provide four new classrooms. The additional teaching space is required for extra classes at each level including for English and Telugu medium in Classes 3, 4 and 5. This new block opened in August 2012.
- To improve the sports facilities new outdoor courts for basketball, volleyball and badminton have been built. The funds were raised by the SLA volunteer group who visited Tuni in November 2011 and who helped with the construction of the facilities during their visit.
- Computing is now seen as an essential part of education to ensure the children have the necessary IT skills for the future. The school has established a dedicated computer classroom and has recruited a computer teacher who can teach the required syllabus. The local operation in India of Glaxo Smith Klyne (GSK) has provided matched funding to establish a computer lab and to pay for an initial 6 month course for the children which started in August 2012.

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## SCOTTISH LOVE IN ACTION

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

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#### School

- The School provides education for 430 children from Kindergarten to Class 10 with a staff this year of 25 teachers headed by a new principal, Ramesh, who has continued to improve the education delivered at the school.
- 28 students sat the main set of Indian school examinations at the end of Class 10 and all 28 passed these examinations with 24 managing over 60% pass rate. This is the first year all children have passed these examinations and it is the only school in the Tuni area to do so this year. One child Shanumukharao, who has been in the Home-cum-School for the last eight years, scored 9.7 out of 10, the second highest in the Tuni area. He has now obtained a scholarship to a private intermediate college.
- These are excellent results when you consider the children, prior to coming to our Home-cum-School, were denied education and had little or no hope of a future without exploitation, poverty and rejection.
- There was continuing development of the English Medium stream in the school up to Class 5 and this year it will be to class 6.
- The Director of the Home-cum-School asked for help to improve the way English is taught. SLA worked with him to identify a programme to achieve this and concluded that the most suitable solution was through Jolly Phonics, a synthetic based method. Dr Pauline Dixon from the E.G. West Centre at Newcastle University, who has done substantial front line work on other synthetic English programmes for children in India, agreed to work with SLA & NASA to deliver a similar programme for the school in Tuni. Preparatory work took place during this year and the English teaching programme was launched successfully in September 2012.

#### Medical

- The health of the children is closely monitored in Tuni and Hyderabad by the in-house doctor and two auxiliary nurses. The children's health continues to improve.
- With the children all immunised and new children being immunised on entry, there has been a significant improvement in health over the last three years.
- In December 2011 our Indian partner managed to get an eight member mobile medical team from the Indian Government HIV department to test 150 children in the Home.
- At present there are four children in Tuni who have HIV. A brother and sister who are both HIV positive arrived in January after their parents died of AIDS and their relatives could not support them. When they first came their health was very poor and deteriorating. Special care was given and with anti-retroviral drugs and a special diet their health has greatly improved over the last 6 months. At the instigation of our Indian partner the Indian Government now provides the required anti-retroviral drugs for all children who have HIV.

#### 2. Hyderabad

- SLA funding enables our Indian partner to feed, clothe, house, and provide medical care for 60 children who live in the Home.
- 80 children who are not in the Home attend the school on a paid basis. The modest fees paid for these children from outside the Home contributes towards the running cost of the School with the remaining educational funding being provided by SLA.

#### 3. Further education

- When children complete their school education in our Tuni Home-cum-School SLA seeks to ensure that they make a good transition into independent adult living and thus avoid destitution. To do this they require vocational qualifications. SLA cannot commit to funding this increasing need for all children but has guaranteed that if the charity funds a student at the start of a course of further education, it will continue to support that student to the conclusion of the course. SLA's aim is to send as many young people as possible to university and college. In our financial statements SLA includes actual and likely commitments in creditors and funds respectively.
- For the academic year 2011-2012 SLA was able to fund all 64 students to attend intermediate college, polytechnic or other further education courses. For the academic year SLA 2012-2013 SLA has agreed to fund 85 students.

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## SCOTTISH LOVE IN ACTION

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

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#### 4. Fireworks event

- A key aim of SLA's Fundraising Strategy has been to identify and establish a large scale annual fundraising event which would have wide appeal and would bring back regular attendees. In November 2011 our first Fireworks Extravaganza was held in South Edinburgh. 2,600 people attended and enjoyed the event which raised over £14,000. The successful outcome has ensured the future of the Extravaganza. We are grateful for very significant support from many organisations and individuals, particularly George Watson's College, the Royal Edinburgh Hospital and our generous sponsor Ryden Lettings.

#### 5. Volunteer for Scottish Love in Action (VoSLA)

- The Trustees decided that for the ongoing future development of SLA it is essential to expand the volunteer work force. It was also felt that it was important for the volunteers to know just how much their work is appreciated by SLA, and to keep them up to date with SLA's activities. The Trustees have established a pilot project "Volunteer for Scottish Love in Action" (VoSLA) in Edinburgh, with a new structure for volunteers to be involved and for SLA to use their skills to best advantage. VoSLA was launched in September 2011 and will be fully reviewed at the end of its first year. The establishment of VoSLA was fundamental in supporting the Fireworks Extravaganza which needed over 130 volunteers.

#### 6. Self Sufficiency

- As noted in last year's report specific donations have enabled SLA to appoint a full time project manager to investigate financial sustainability in India through establishment of a local social enterprise. The key priority for the enterprise will be to generate income for the Home-cum-School but it is hoped there will also be training and job opportunities for the children after they finish school or further education. During the year significant research has been undertaken and the involvement of NASA has increased. In 2012/13 research will continue with the aim of concluding with recommendations on the way forward.

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## SCOTTISH LOVE IN ACTION

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

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#### FINANCIAL REVIEW

##### Overview

SLA ended the year with total funds of £525,391 following an overall deficit for the year of £5,537. We were satisfied with the outcome in a year where the environment for charity income remained very challenging. We were able to absorb the deficit due to our excellent track record in securing income through donations and fundraising, evidenced by the increase of £31,650 in our income year on year. We spent where necessary through the application of restricted and designated funds, and through a reduction of £13,354 in our general funds.

We continue to direct significant attention to ensuring our sources of income remain robust.

##### Statement of Financial Activities ('SOFA')

The major points to note in comparing net income in 2012 with 2011 are:

- 'General donations' increased by £12,424 to £212,660, a reflection of much hard work from our executive and volunteer teams. Two thirds of our income comes from individuals, many of whom have supported generously for some years.
- Voluntary income in 2011 included first time contributions from the Indian volunteer team programme and the Indian social enterprise project, both of which had good contributions again in 2012 at £22,322 (2011 - £22,810) and £29,375 (2011 - £25,000) respectively.
- Voluntary income from other sources was broadly similar to 2011, except in 'Other organisations' which increased by £12,503 due to the welcome support of the Sportman's Charity at their ceilidh and annual ball.
- There was a significant increase from fundraising events by £18,700 to £46,135, shown under 'Other incoming resources' and up principally due to the new fireworks event which contributed £25,456 of the total. This event was an outstanding success on all fronts. In addition the new VoSLA (Volunteers of SLA) fundraising team in Edinburgh contributed the sizeable total of £8,133 from a wide range of events at which the wider messages on regular giving were promoted.

Expenditure on charitable activities was £349,849 compared with £261,544 in 2011. This is a significant increase but was planned and controlled. The principal variances were:

- Capital projects in 2012 were £34,323. 2011 projects were funded in full from savings carried forward from previous years.
- The costs of the Indian social enterprise project increased in its first full year of operation, by £42,236 to £47,409.
- Food clothing and housing increased by £13,835 due to inflation in food prices, and increased maintenance.

The costs of generating income from fundraising and donations increased slightly, from £50,773 to £54,001. There were two major variances:

- Fundraising costs increased by £13,438, the largest element being £10,670 for the new fireworks event.
- In 2011 we spent £8,846 on PR fees for a fundraising campaign which was not repeated.

Costs in India and the UK are monitored carefully with regular financial reports.

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## SCOTTISH LOVE IN ACTION

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

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#### Balance Sheet

Cash balances at the year end were £542,388, down from £573,073. The Directors have a cautious approach to investment. Since 30 June 2012 the cash has been spread over a number of bank accounts, with different dates of maturity.

Total funds decreased from £530,928 to £525,391. The largest single fund is £302,422 being the continued maintenance of a reserve to cover a minimum of 12 months operating costs. The Directors believe this is essential to provide security to the children in the Homes, particularly whilst harsh economic conditions continue in the UK.

The Directors have designated £56,000 in a new Education development fund for the English teaching programme which started in September 2012.

#### PLANS FOR THE FUTURE

##### Future developments

SLA's new development plan details the following:

What do we want to do in India between 2012 and 2015?

1. Continue as core funder to ensure good quality of care and education is provided for 500 children at the Light of Love Home-cum-School in Tuni.
2. Develop with NASA a joint long-term vision for moving progressively towards financial sustainability for the Home-cum-School in Tuni.
3. Continue to provide support to children proceeding to Further and Higher Education after Intermediate College, subject to funding constraints.
4. Investigate new projects and/or partnerships to make education available to children in India otherwise denied (e.g. for reasons of poverty, disability, discrimination). Preferably through support for specific projects undertaken by like-minded Indian partners which have the potential to move to financial sustainability in a three to five year period.
5. Establish the sharing of experience over different initiatives with NASA and potential new Indian partners, and through building relationships with other donors working in our area of interest.

What do we want to do in Scotland between 2012 and 2015?

1. Re-orientate the SLA brand and marketing to take account of changing circumstances in India and in the UK.
2. Develop our knowledge and experience so that we can select and support appropriate sustainable projects in India.
3. Strengthen our organisational capacity to support the developments in India listed above.
4. Create longer term financial stability underpinned by a robust, dynamic, and suitably diverse Fundraising Strategy including the development of VoSLA to extend the geographic spread of fundraising activities.

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## SCOTTISH LOVE IN ACTION

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

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#### TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Scottish Love in Action for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they 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 these 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 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.

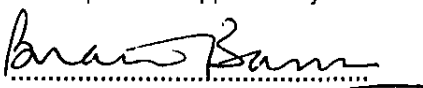
#### PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 14/11/2012 and signed on their behalf by:

  
.....  
Brian Barron, Convenor

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## **SCOTTISH LOVE IN ACTION**

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### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF SCOTTISH LOVE IN ACTION**

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We have audited the financial statements of Scottish Love in Action for the year ended 30 June 2012 set out on pages 12 to 24. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's Trustees, 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. Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's Trustees those matters we are required to state to them in an Auditors' 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 charitable company, the charitable company's members as a body and the charitable company's Trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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## SCOTTISH LOVE IN ACTION

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### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF SCOTTISH LOVE IN ACTION

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#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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.

#### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the company has not kept proper and adequate accounting records, 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 Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' report.

*Bruce W Gellatly* **LLP**

Bruce W Gellatly (Senior statutory auditor)

for and on behalf of

**French Duncan LLP**

Chartered Accountants & Statutory Auditors

56 Palmerston Place

Edinburgh

EH12 5AY

Date: *14 November 2012*

French Duncan LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

SCOTTISH LOVE IN ACTION

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 30 JUNE 2012

|                                                    | Note | Restricted<br>funds<br>2012<br>£ | Unrestricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ | Total<br>funds<br>2011<br>£ |
|----------------------------------------------------|------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| <b>INCOMING RESOURCES</b>                          |      |                                  |                                    |                             |                             |
| Incoming resources from generated funds:           |      |                                  |                                    |                             |                             |
| Voluntary income                                   | 2    | 92,229                           | 262,330                            | 354,559                     | 338,326                     |
| Activities for generating funds                    | 3    | -                                | 2,372                              | 2,372                       | 5,222                       |
| Investment income                                  | 4    | -                                | 3,679                              | 3,679                       | 4,112                       |
| Other incoming resources                           | 5    | -                                | 46,135                             | 46,135                      | 27,435                      |
| <b>TOTAL INCOMING RESOURCES</b>                    |      | <b>92,229</b>                    | <b>314,516</b>                     | <b>406,745</b>              | <b>375,095</b>              |
| <b>RESOURCES EXPENDED</b>                          |      |                                  |                                    |                             |                             |
| Costs of generating funds:                         |      |                                  |                                    |                             |                             |
| Costs of generating voluntary income               | 6    | -                                | 54,001                             | 54,001                      | 50,773                      |
| Fundraising trading expenses and other costs       | 3    | -                                | 699                                | 699                         | 2,201                       |
| Charitable activities                              | 7    | 153,028                          | 196,821                            | 349,849                     | 261,544                     |
| Governance costs                                   | 8    | -                                | 7,733                              | 7,733                       | 7,266                       |
| <b>TOTAL RESOURCES EXPENDED</b>                    |      | <b>153,028</b>                   | <b>259,254</b>                     | <b>412,282</b>              | <b>321,784</b>              |
| <b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b> |      | <b>(60,799)</b>                  | <b>55,262</b>                      | <b>(5,537)</b>              | <b>53,311</b>               |
| Transfers between Funds                            | 17   | 23,508                           | (23,508)                           | -                           | -                           |
| <b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>          |      | <b>(37,291)</b>                  | <b>31,754</b>                      | <b>(5,537)</b>              | <b>53,311</b>               |
| <i>Total funds at 1 July 2011</i>                  |      | <i>54,846</i>                    | <i>476,082</i>                     | <i>530,928</i>              | <i>477,617</i>              |
| <b>TOTAL FUNDS AT 30 JUNE 2012</b>                 |      | <b>17,555</b>                    | <b>507,836</b>                     | <b>525,391</b>              | <b>530,928</b>              |

The notes on pages 14 to 24 form part of these financial statements.

**SCOTTISH LOVE IN ACTION**  
**REGISTERED NUMBER: SC280397**

**BALANCE SHEET**  
**AS AT 30 JUNE 2012**

|                                                                | Note | £              | 2012<br>£             | £              | 2011<br>£             |
|----------------------------------------------------------------|------|----------------|-----------------------|----------------|-----------------------|
| <b>FIXED ASSETS</b>                                            |      |                |                       |                |                       |
| Tangible assets                                                | 13   |                | 206                   |                | 658                   |
| <b>CURRENT ASSETS</b>                                          |      |                |                       |                |                       |
| Stocks                                                         |      | 1,283          |                       | 1,317          |                       |
| Debtors                                                        | 14   | 44,435         |                       | 47,015         |                       |
| Cash at bank and in hand                                       |      | 542,388        |                       | 573,073        |                       |
|                                                                |      | <u>588,106</u> |                       | <u>621,405</u> |                       |
| <b>CREDITORS:</b> amounts falling due within one year          | 15   | (46,540)       |                       | (73,912)       |                       |
| <b>NET CURRENT ASSETS</b>                                      |      |                | <u>541,566</u>        |                | <u>547,493</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                | <u>541,772</u>        |                | <u>548,151</u>        |
| <b>CREDITORS:</b> amounts falling due after more than one year | 16   |                | (16,381)              |                | (17,223)              |
| <b>NET ASSETS</b>                                              |      |                | <u><u>525,391</u></u> |                | <u><u>530,928</u></u> |
| <b>CHARITY FUNDS</b>                                           |      |                |                       |                |                       |
| Restricted funds                                               | 17   |                | 17,555                |                | 54,846                |
| Unrestricted funds                                             | 17   |                | 507,836               |                | 476,082               |
| <b>TOTAL FUNDS</b>                                             |      |                | <u><u>525,391</u></u> |                | <u><u>530,928</u></u> |

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 14th November 2012 and signed on their behalf, by:



**Brian Barron, Convenor**

The notes on pages 14 to 24 form part of these financial statements.

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## SCOTTISH LOVE IN ACTION

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 2006.

##### 1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1.

##### 1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

##### 1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the company being notified of an impending distribution or the legacy being received.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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## SCOTTISH LOVE IN ACTION

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

##### 1.6 Cash flow

The financial statements do not include a cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

##### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|           |                       |
|-----------|-----------------------|
| Equipment | - 33.3% straight line |
|-----------|-----------------------|

##### 1.8 Operating leases

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

##### 1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

##### 1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### 1.11 Further Education

Once a student commences a further education course, the charity makes a commitment to fund the place through to the end of the course. If the student has started the course before the year end the full cost of the course is included in creditors. If the student has started the course between the year end and the date of the signing the accounts, the full cost of the course is included within further education funds.

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**SCOTTISH LOVE IN ACTION**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**2. VOLUNTARY INCOME**

|                                 | Restricted<br>funds<br>2012<br>£ | Unrestricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ | Total<br>funds<br>2011<br>£ |
|---------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| General donations               | 59,766                           | 152,894                            | 212,660                     | 200,236                     |
| Trusts                          | 11,250                           | 17,253                             | 28,503                      | 31,500                      |
| Schools                         | 10,657                           | 2,042                              | 12,699                      | 18,383                      |
| Businesses                      | -                                | 1,642                              | 1,642                       | 2,614                       |
| Other organisations             | 3,650                            | 25,430                             | 29,080                      | 16,577                      |
| Gift aid tax credit             | 6,906                            | 35,747                             | 42,653                      | 41,206                      |
| Indian volunteer team programme | -                                | 22,322                             | 22,322                      | 22,810                      |
| Legacies                        | -                                | 5,000                              | 5,000                       | 5,000                       |
|                                 | <hr/>                            | <hr/>                              | <hr/>                       | <hr/>                       |
| Voluntary income                | <b>92,229</b>                    | <b>262,330</b>                     | <b>354,559</b>              | <b>338,326</b>              |

**3. TRADING ACTIVITIES**

|                                     | Restricted<br>funds<br>2012<br>£ | Unrestricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ | Total<br>funds<br>2011<br>£ |
|-------------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| <b>Charity trading income</b>       |                                  |                                    |                             |                             |
| Charity trading income              | -                                | 2,372                              | 2,372                       | 5,222                       |
|                                     | <hr/>                            | <hr/>                              | <hr/>                       | <hr/>                       |
| <b>Fundraising trading expenses</b> |                                  |                                    |                             |                             |
| Charity trading expenses            | -                                | 699                                | 699                         | 2,201                       |
|                                     | <hr/>                            | <hr/>                              | <hr/>                       | <hr/>                       |
| Net income from trading activities  | <b>-</b>                         | <b>1,673</b>                       | <b>1,673</b>                | <b>3,021</b>                |

**4. INVESTMENT INCOME**

|                          | Restricted<br>funds<br>2012<br>£ | Unrestricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ | Total<br>funds<br>2011<br>£ |
|--------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Bank interest receivable | -                                | 3,679                              | 3,679                       | 4,112                       |
|                          | <hr/>                            | <hr/>                              | <hr/>                       | <hr/>                       |

**5. OTHER INCOMING RESOURCES**

|                    | Restricted<br>funds<br>2012<br>£ | Unrestricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ | Total<br>funds<br>2011<br>£ |
|--------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Fundraising events | -                                | 46,135                             | 46,135                      | 27,435                      |
|                    | <hr/>                            | <hr/>                              | <hr/>                       | <hr/>                       |

## SCOTTISH LOVE IN ACTION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### 6. COSTS OF GENERATING VOLUNTARY INCOME

|                           | Restricted<br>funds<br>2012<br>£ | Unrestricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ | Total<br>funds<br>2011<br>£ |
|---------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Fundraising and donations | -                                | 28,316                             | 28,316                      | 31,127                      |
| Staff costs               | -                                | 25,685                             | 25,685                      | 19,646                      |
|                           | -                                | 54,001                             | 54,001                      | 50,773                      |

#### 7. ANALYSIS OF CHARITABLE ACTIVITIES BY FUNDS

|                                           | Restricted<br>funds 2012<br>£ | Unrestricted<br>funds 2012<br>£ | Total funds<br>2012<br>£ | Total funds<br>2011<br>£ |
|-------------------------------------------|-------------------------------|---------------------------------|--------------------------|--------------------------|
| Feeding, clothing and accommodation       | 360                           | 138,263                         | 138,623                  | 124,788                  |
| Medical care                              | 14,321                        | -                               | 14,321                   | 15,913                   |
| School education                          | 30,501                        | 516                             | 31,017                   | 30,407                   |
| Further education                         | 9,073                         | 27,962                          | 37,035                   | 35,078                   |
| Capital projects                          | 18,622                        | 15,701                          | 34,323                   | -                        |
| Social enterprise project - india         | 47,409                        | -                               | 47,409                   | 5,173                    |
| Tuition centre pilot project construction | -                             | -                               | -                        | 8,420                    |
| Development, monitoring and<br>evaluation | 29,132                        | 14,379                          | 43,511                   | 41,765                   |
| Other                                     | 3,610                         | -                               | 3,610                    | -                        |
| Total                                     | 153,028                       | 196,821                         | 349,849                  | 261,544                  |

#### 8. GOVERNANCE COSTS

|                   | Restricted<br>funds<br>2012<br>£ | Unrestricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ | Total<br>funds<br>2011<br>£ |
|-------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Auditors fee      | -                                | 4,020                              | 4,020                       | 3,959                       |
| Bank charges      | -                                | 298                                | 298                         | -                           |
| Other costs       | -                                | 374                                | 374                         | 664                         |
| Professional fees | -                                | 540                                | 540                         | 356                         |
| Wages & salaries  | -                                | 2,160                              | 2,160                       | 1,995                       |
| Employers NIC     | -                                | 239                                | 239                         | 197                         |
| Pension costs     | -                                | 102                                | 102                         | 95                          |
|                   | -                                | 7,733                              | 7,733                       | 7,266                       |

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SCOTTISH LOVE IN ACTION

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

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9. NET INCOME / (EXPENDITURE)

This is stated after charging:

|                                        | 2012<br>£ | 2011<br>£ |
|----------------------------------------|-----------|-----------|
| Depreciation of tangible fixed assets: |           |           |
| - owned by the charity                 | 452       | 1,578     |
| Pension costs                          | 3,898     | 2,330     |

During the year, no Trustees received any remuneration (2011 - £NIL) or any benefits in kind (2011 - £NIL)

Four Trustees received reimbursement of expenses amounting to £2,670 in the current year, (2011 - three Trustees - £1,391).

10. AUDITORS' REMUNERATION

|                                                                                      | 2012<br>£ | 2011<br>£ |
|--------------------------------------------------------------------------------------|-----------|-----------|
| Fees payable to the company's auditor for the audit of the company's annual accounts | 4,020     | 3,959     |

11. FUND TRANSFERS

Transfers between funds on the restricted reserves are to ensure that all individual restricted reserves have credit balances. The transfers to designated funds are at the discretion of the Trustees to ensure the operational stability of the charity.

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**SCOTTISH LOVE IN ACTION**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**12. STAFF COSTS**

Staff costs were as follows:

|                       | 2012<br>£     | 2011<br>£     |
|-----------------------|---------------|---------------|
| Wages and salaries    | 79,200        | 48,839        |
| Social security costs | 7,960         | 4,390         |
| Other pension costs   | 3,898         | 2,330         |
|                       | <u>91,058</u> | <u>55,559</u> |

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

|                           | 2012<br>No. | 2011<br>No. |
|---------------------------|-------------|-------------|
| Charitable activities     | 2           | 1           |
| Fundraising and publicity | 1           | 1           |
|                           | <u>3</u>    | <u>2</u>    |

No employee received remuneration amounting to more than £60,000 in either year.

**13. TANGIBLE FIXED ASSETS**

|                                 | Equipment<br>£ |
|---------------------------------|----------------|
| <b>Cost</b>                     |                |
| At 1 July 2011 and 30 June 2012 | <u>7,491</u>   |
| <b>Depreciation</b>             |                |
| At 1 July 2011                  | 6,833          |
| Charge for the year             | 452            |
| At 30 June 2012                 | <u>7,285</u>   |
| <b>Net book value</b>           |                |
| At 30 June 2012                 | <u>206</u>     |
| At 30 June 2011                 | <u>658</u>     |

**SCOTTISH LOVE IN ACTION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**14. DEBTORS**

|                                | 2012<br>£     | 2011<br>£     |
|--------------------------------|---------------|---------------|
| Other debtors                  | 15,707        | 14,919        |
| Prepayments and accrued income | -             | 1,226         |
| Gift Aid tax recoverable       | 28,728        | 30,870        |
|                                | <u>44,435</u> | <u>47,015</u> |

**15. CREDITORS:  
Amounts falling due within one year**

|                              | 2012<br>£     | 2011<br>£     |
|------------------------------|---------------|---------------|
| PAYE/NI                      | 2,237         | 2,055         |
| Further education            | 26,857        | 19,115        |
| Accruals and deferred income | 17,446        | 52,742        |
|                              | <u>46,540</u> | <u>73,912</u> |

**16. CREDITORS:  
Amounts falling due after more than one year**

|                   | 2012<br>£ | 2011<br>£ |
|-------------------|-----------|-----------|
| Further education | 16,381    | 17,223    |

**17. STATEMENT OF FUNDS**

|                                        | Brought<br>forward<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers<br>in/out<br>£ | Carried<br>forward<br>£ |
|----------------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|
| <b>Designated funds</b>                |                         |                            |                            |                          |                         |
| Operating reserve                      | 293,070                 | -                          | -                          | 9,352                    | 302,422                 |
| Future UK expenditure                  | 10,970                  | -                          | (5,485)                    | -                        | 5,485                   |
| Capital projects                       | 10,000                  | -                          | -                          | -                        | 10,000                  |
| Further education                      | 44,410                  | -                          | (44,410)                   | 38,095                   | 38,095                  |
| Three year Indian operating<br>reserve | 31,438                  | -                          | (8,444)                    | -                        | 22,994                  |
| Education development                  | -                       | -                          | -                          | 56,000                   | 56,000                  |
|                                        | <u>389,888</u>          | <u>-</u>                   | <u>(58,339)</u>            | <u>103,447</u>           | <u>434,996</u>          |

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**SCOTTISH LOVE IN ACTION**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**17. STATEMENT OF FUNDS (continued)**

|                                   | Brought<br>forward<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers<br>in/out<br>£ | Carried<br>forward<br>£ |
|-----------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|
| <b>General funds</b>              |                         |                            |                            |                          |                         |
| General funds                     | 86,194                  | 314,516                    | (200,915)                  | (126,955)                | 72,840                  |
| Total unrestricted funds          | <u>476,082</u>          | <u>314,516</u>             | <u>(259,254)</u>           | <u>(23,508)</u>          | <u>507,836</u>          |
| <b>Restricted funds</b>           |                         |                            |                            |                          |                         |
| Capital project - classrooms      | 14,000                  | -                          | (18,622)                   | 4,622                    | -                       |
| Fiona's immunisation fund         | 6,401                   | 300                        | (2,789)                    | -                        | 3,912                   |
| 10th class                        | -                       | 5,000                      | (5,000)                    | -                        | -                       |
| Further education                 | -                       | 9,070                      | (9,070)                    | -                        | -                       |
| Travel for Indian partner visit   | 1,538                   | -                          | -                          | (580)                    | 958                     |
| NASA medical centre               | 5,933                   | -                          | (580)                      | 580                      | 5,933                   |
| NASA leprosy                      | 1,867                   | 1,205                      | (3,033)                    | -                        | 39                      |
| UK core expenditure               | -                       | 29,132                     | (29,132)                   | -                        | -                       |
| School education                  | -                       | 11,633                     | (25,501)                   | 13,868                   | -                       |
| Classmates                        | 5,280                   | -                          | (360)                      | -                        | 4,920                   |
| Medical care                      | -                       | 6,514                      | (11,532)                   | 5,018                    | -                       |
| Social enterprise project - India | 19,827                  | 29,375                     | (47,409)                   | -                        | 1,793                   |
|                                   | <u>54,846</u>           | <u>92,229</u>              | <u>(153,028)</u>           | <u>23,508</u>            | <u>17,555</u>           |
| Total of funds                    | <u><u>530,928</u></u>   | <u><u>406,745</u></u>      | <u><u>(412,282)</u></u>    | <u><u>-</u></u>          | <u><u>525,391</u></u>   |

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## SCOTTISH LOVE IN ACTION

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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#### DESIGNATED FUNDS

##### **Operating reserve**

The Trustees have resolved to hold a reserve of at least 12 months operating costs to provide security to the children in the Homes.

##### **Future UK expenditure**

During the year to 30 June 2009 SLA received previously unclaimed Gift Aid. The Trustees have agreed that money recovered from this exercise will be designated for SLA UK expenditure and will be released over 4 years.

##### **Capital projects**

The SLA Trustees have committed to provide funds for future capital expenditure projects.

##### **Further education**

The SLA Trustees have set aside funds, beyond the restricted funds described below, for students expected to begin further education in July 2012. These amounts have not been provided in creditors in the financial statements as there were still conditions to be met at the year end.

##### **Three year Indian operating reserve**

As part of the three year operating budget with NASA this was established for unforeseen expenditure. At the end of the three year period any remaining reserve will be available to spend on a basis agreed between SLA and NASA.

##### **Education development**

The Trustee have set aside funds for educational development. The balance at 30 June 2013 is for an English teaching programme to be delivered at the Tuni school over the next three years.

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## SCOTTISH LOVE IN ACTION

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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#### RESTRICTED FUNDS

##### **Capital project - classrooms**

Donations were received from a legacy to build classrooms in the Tuni School.

##### **Fiona's Immunisation fund**

This fund was set up after the death of Dr Fiona Strachan in May 2008. The aim of the fund is to support the immunisation of children in the Homes in India and at the discretion of the directors the programme may be extended to give cover to children living in the wider community.

##### **10th class**

Grants were received to provide funding to support the children in 10th class in the academic year 2011-12 and to completion of their 10th class exams.

##### **Further education**

This fund provides support for students from the Homes to study at intermediate college and university, to obtain vocational qualifications, and to acquire vocational and domestic skills.

##### **Travel for Indian partner visit**

A donation was received to cover travel costs for representatives of our Indian partner to visit the SLA operation in Scotland, and meet the Directors, staff and key volunteers. The date and itinerary for this visit is to be finalised. During the year the donors agreed that part of the fund could be used for other purposes in India.

##### **NASA medical centre**

This money was provided to build a Medical Centre for NASA at the SLA compound. NASA is currently in discussions over a land issue on the planned site. Once resolved this money will be sent out to allow the construction work to start.

##### **NASA leprosy**

This money is provided to feed families suffering from leprosy, cared for by NASA and living beside SLA's compound. Funds are sent to NASA in advance of expenditure and as a result a debit balance can arise from time to time.

##### **UK core expenditure**

SLA has received a number of specific donations toward staff salaries and administration costs in the UK.

##### **School education**

Donations received to fund teachers' salaries and educational materials in the Tuni School.

##### **Classmates**

In the year to 30 June 2010 a donation of £6,000 was received through the CLASSMATES scheme, to support one child over a 16 year period.

##### **Medical care**

Funding received for the health care of the children which covers doctors and nurses salaries and general operations.

##### **Social Enterprise Project - India**

SLA has secured external funding to investigate the potential for financial sustainability in India through social enterprise. The funding covers staff salaries and all UK and Indian expenditure associated with this specific project. The initial research phase has been extended to November 2012.

**SCOTTISH LOVE IN ACTION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**SUMMARY OF FUNDS**

|                  | Brought<br>forward<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers<br>in/out<br>£ | Carried<br>forward<br>£ |
|------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|
| Designated funds | 389,888                 | -                          | (58,339)                   | 103,447                  | 434,996                 |
| General funds    | 86,194                  | 314,516                    | (200,915)                  | (126,955)                | 72,840                  |
|                  | <u>476,082</u>          | <u>314,516</u>             | <u>(259,254)</u>           | <u>(23,508)</u>          | <u>507,836</u>          |
| Restricted funds | 54,846                  | 92,229                     | (153,028)                  | 23,508                   | 17,555                  |
|                  | <u>530,928</u>          | <u>406,745</u>             | <u>(412,282)</u>           | <u>-</u>                 | <u>525,391</u>          |

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|                                     | Restricted<br>funds<br>2012<br>£ | Unrestricted<br>funds<br>2012<br>£ | Total<br>funds<br>2012<br>£ | Total<br>funds<br>2011<br>£ |
|-------------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Tangible fixed assets               | -                                | 206                                | 206                         | 658                         |
| Current assets                      | 17,555                           | 570,552                            | 588,107                     | 621,403                     |
| Creditors due within one year       | -                                | (46,541)                           | (46,541)                    | (73,910)                    |
| Creditors due in more than one year | -                                | (16,381)                           | (16,381)                    | (17,223)                    |
|                                     | <u>17,555</u>                    | <u>507,836</u>                     | <u>525,391</u>              | <u>530,928</u>              |

**19. OPERATING LEASE COMMITMENTS**

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as follows:

|                       | 2012<br>£    | 2011<br>£    |
|-----------------------|--------------|--------------|
| <b>Expiry date:</b>   |              |              |
| Within 1 year         | 4,968        | -            |
| Between 2 and 5 years | -            | 4,927        |
|                       | <u>4,968</u> | <u>4,927</u> |