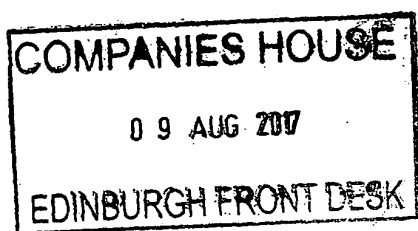


LEUCHIE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

COMPANY REGISTRATION NO: SC392721

CHARITY NO: SC042249



WHITELAW WELLS
Chartered Accountants
9 Ainslie Place
Edinburgh EH3 6AT

WEDNESDAY



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SCT 09/08/2017 #573
COMPANIES HOUSE

LEUCHIE

FINANCIAL STATEMENTS

For the year ended 31 December 2016

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LEUCHIE

REPORT OF THE TRUSTEES

For the year ended 31 December 2016

The Trustees are pleased to present their annual Trustees' report together with the financial statements of the Charity for the year ending 31 December 2016 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 offering respite breaks for people with long term physical conditions, including multiple sclerosis, Parkinson's, cerebral palsy, motor neurone disease, as well as spinal injuries and the effects of stroke. This 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.

Our aim is to be the UK's foremost centre of excellence in transforming lives through guest-centred 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 individualized breaks that improve their quality of life"***

Objectives

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

- Improve guest satisfaction
- Enhance staff expertise and knowledge
- Establish and/or increase brand awareness
- Generate new sources of income
- Find new markets for products or services
- Improve employee satisfaction
- Reduce operational costs
- Increase networking with partners
- Analyse processes through Leuchie

LEUCHIE

REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2016

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The constant demand for Leuchie holidays indicates how vital respite breaks are to the wellbeing of those with long term conditions and how much they are needed by those who care for them. During the year the charity provided more respite care to a wider range of people than ever before: -

- 6,116 respite days across both the short break and day respite services
- Overall occupancy across the year was 76% with 36% of guests new to Leuchie
- 62,500 hours of nursing and care support
- 31 different long term conditions were supported
- 50% of guests had the highest level of care needs
- 723 anticipatory and preventative interventions through the guest assessment process

In 2016, Leuchie surpassed its fundraising target by more than £95,000 with excellent levels of support across all income streams.

Events raised over £74,000, more than double any previous year's total with The Muirfield Golf Day raising more than £50,000 and the annual Ascot Gold Cup Tea £14,000. Champions and Guardians, who make annual donations, contributed £60,000. Individual Giving, including regular direct debits, is vital and the generosity of our supporters helping this way has raised more than £40,000. Larger Trust applications enjoyed a 50% success rate.

Overall, in 2016 the fundraising team achieved 126% of targeted income.

Costs, as ever, continue to be a concern. Our commitment to delivering the complex care our guests require by highly skilled staff and being a Living Wage Employer saw running costs grow to £1.8 million. Whilst we recovered over £935,000 of this from fees, and raised £463,000 from fundraising and generous benefactors, we continue to rely on Scottish Government funding to address the remaining deficit. The Trustees are, however, continuing to explore a range of options with the aim of achieving 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 Charity continued to develop its five star philosophy to ensure that all Leuchie staff and volunteers deliver a high quality customer service, in a professional manner, with the wellbeing of every guest at the centre of all activities and engagement.

One of the main reasons Leuchie has come through the last five years has been the support and encouragement received from volunteers. Their dedication was recognised in receiving The Queen's Award for Voluntary Service. Their amazing support is invaluable as ever and Leuchie could not function without them.

Leuchie celebrated its fifth anniversary in July 2016 and the Trustees are pleased with the continued ongoing development of the Charity and with the achievements made in these initial years.

FINANCIAL REVIEW

Leuchie operations produced a surplus for the year of £56,543 (2015 - £25,229). The total value of funds held at 31 December 2016 amounted to £220,576 (2015 - £164,033) comprising £72,416 (2015 - £68,728) of a restricted nature and £148,160 (2015: £95,305) of an unrestricted nature.

REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2016

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.

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 twelve months net operations expenditure, currently around £600k, having regard to its manner of operation and likely funding streams. The current reserves do not meet this policy, the Trustees along with the Chief Executive and the senior management team are currently seeking to continue to develop new income streams, maximise fundraising opportunities and grow occupancy and income levels to ensure the policy is met in future.

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 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 and discussions are ongoing with Scottish Government in relation to committed long-term funding, which in addition to reducing the financial risk will 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 client groups in a variety of settings, involving many staff and volunteers. This provides the organisation 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. Our Five Star Quality Assurance programme, established in 2015, continues to bring improvements to the services provided.

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 both political and 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.

REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2016

FUTURE PLANS

The Trustees along with the Chief Executive and the senior management team will continue to develop the charity's services and existing income streams. The primary focus in the short term is to maximise the occupancy levels within the existing operation to enable Leuchie to provide the maximum possible number of respite nights for guests and carers alike, whilst continuing to grow the fundraising income and activities.

During 2017 the Trustees propose to undertake a review of the current operational model to establish the feasibility of alternative operating structures with a view to enabling Leuchie to increase the number of respite days it can provide and to assist in achieving the target of financial sustainability in the medium to long term.

The Trustees are also working closely with the Trustees of the Leuchie Forever Fund whose principal aim initially is to build up reserves to support Leuchie achieve its target of financial sustainability and then to assist with the wider development of the Leuchie model through the provision of additional capacity.

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. In 2016 no Trustees retired from the Board.

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 & Marketing.

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.

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2016

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.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name	Leuchie (known as "Leuchie House")	
Charity Number	SC042249	
Company Number	SC392721	
Patron	Gavin Hastings	
Trustees	Sir David Tweedie Captain Paul Du Vivier Rhona Brankin Ann Butterfield John McCluskie Keith Murdoch Sophie Tulloch David Ogilvie Stephen Pearson Jacqueline Chaplin Mark Hazelwood	Chair Vice chair
Company Secretary	John McCluskie	
Key Management Personnel	Mairi O'Keefe (Chief Executive) Carolyn Roulstone (Head of Fundraising and Business Development) Janina Sweetenham (Head of Operations from October 2016)	
Registered Office and Operational Address	Leuchie House North Berwick, East Lothian EH39 5NT	
Senior Statutory Auditor	Kevin Cattnach	
Independent Auditors	Whitelaw Wells Statutory Auditor 9 Ainslie Place Edinburgh EH3 6AT	
Bankers	Royal Bank of Scotland 12 Westgate, North Berwick EH39 4AF	

REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2016

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

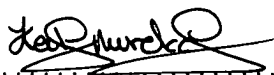
So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Trustee has taken all the steps he ought to have taken as a Trustee in order to make himself aware of any relevant 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 15 May 2017 and signed on its behalf by:-



Keith Murdoch, Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of Leuchie for the year ended 31 December 2016 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the 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).

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 Trustees Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and 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 and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Trustees' responsibilities statement set out on page 6, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the accounts 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 Accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable 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 accounts. In addition, we read all the accounts and non-financial information in the Trustees' Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion on Accounts

In our opinion the accounts:-

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 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 (as amended).

Opinion on Other Matters Prescribed by the Companies Act 2006

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

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 charitable 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 accounts 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 from the requirement to prepare a Strategic Report or in preparing the Trustees' Annual Report.



Kevin Cattanach

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

15 May 2017

LEUCHIE

STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 December 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Income and Endowments from:					
<i>Donations</i>					
Grants and donations	2	701,990	131,225	833,215	774,771
<i>Charitable activities</i>					
Short break care	4	935,868	-	935,868	906,421
Other trading activities	5	81,359	-	81,359	36,733
Investment income		2	-	2	12
Other income – renewable heat incentive		15,077	-	15,077	-
Total		1,734,296	131,225	1,865,521	1,717,937
Expenditure on:					
<i>Raising funds</i>					
		106,269	-	106,269	107,006
<i>Charitable activities</i>					
		1,571,663	131,046	1,702,709	1,585,702
Total	6	1,677,932	131,046	1,808,978	1,692,708
Net Income	7	56,364	179	56,543	25,229
Transfer between funds	14	(3,509)	3,509	-	-
Net movement in funds		52,855	3,688	56,543	25,229
Reconciliation of Funds					
Total Funds Brought Forward		95,305	68,728	164,033	138,804
Total Funds Carried Forward		148,160	72,416	220,576	164,033

The results for the year derive from continuing activities.
There are no gains or losses other than those shown above.
The notes on pages 12 – 22 form part of these financial statements.

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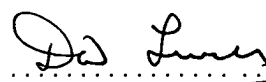
BALANCE SHEET

As at 31 December 2016

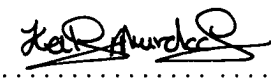
			2016	2015
	Note	£	£	£
Fixed Assets				
Tangible assets	10		154,815	187,846
Current Assets				
Debtors	11	94,820	105,850	
Cash at bank and in hand		144,546	132,213	
		239,366	238,063	
Creditors: Amounts falling due within one year	12	(173,605)	(261,876)	
Net Current Assets/(Liabilities)			65,761	(23,813)
Net Assets			220,576	164,033
Funds	14			
Unrestricted funds			148,160	95,305
Restricted funds			72,416	68,728
Total Funds			220,576	164,033

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 15 May 2017 and were signed on its behalf by:



Sir David Tweedie
 Trustee



Keith Murdoch
 Trustee

Company Registration No: SC392721

The notes on pages 12 - 22 form part of these financial statements.

LEUCHIE

CASH FLOW STATEMENT

As at 31 December 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	96,401	74,932
Cash flows from investing activities			
Interest received		2	12
Purchase of property, plant and equipment		(41,075)	(131,279)
Proceeds from the sale of property, plant and equipment		1	-
Net cash used in investing activities		(41,072)	(131,267)
Cash flows from financing activities			
Repayments of borrowings		(47,996)	-
Cash inflows from new borrowings		5,000	79,929
Net cash (used in) / provided by financing activities		(42,996)	79,929
Change in cash and cash equivalents in the reporting period		12,333	23,594
Cash and cash equivalents at the beginning of the year		132,213	108,619
Cash and cash equivalents at the end of the year		144,546	132,213

The notes on pages 12 - 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 flow of £12,333 in the period and an increase in total funds of £56,543 to £220,576 of which £148,160 are held in the general fund. 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. £600K.

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 2016****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 2016

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.

Donated assets

Donated assets are recognised as income when the Charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the Charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated assets are recognised on the basis of the value of the gift to the Charity which is the amount the Charity would have been willing to pay to obtain an asset of equivalent economic benefit on the open market; a corresponding amount is recognised in fixed assets in the period of receipt and the asset is depreciated over the estimated useful life.

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 2016 £	Total Funds 2015 £
Donations	253,804	5,724	259,528	235,001
Gift Aid	21,961	-	21,961	12,601
Grants (note 3)	426,225	125,501	551,726	527,169
	701,990	131,225	833,215	774,771

Income from donations was £833,215 (2015: £774,771) of which £701,990 (2015: £693,789) was unrestricted and £131,225 (2015: £80,982) was restricted.

NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2016

3. Grants	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	£	£	2016 £	2015 £
The Scottish Government	362,500	7,340	369,840	361,027
The Henry Smith Charity	-	42,225	42,225	45,300
Edinburgh & Lothians Health Foundation	-	38,439	38,439	-
The Imlay Foundation	-	-	-	29,285
The R S MacDonald Charitable Trust	-	22,000	22,000	-
G C Gibson Charitable Trust	10,000	-	10,000	10,000
The Quies Trust	10,000	-	10,000	-
Crerar Hotels Trust	-	9,997	9,997	-
Christina Mary Hendrie Trust	7,765	-	7,765	-
Scott Davidson Charitable Trust	-	-	-	6,750
Anderson Strathern	-	-	-	6,250
The Helen A Reid Charitable Trust	5,000	-	5,000	6,250
The Hugh Fraser Foundation	5,000	-	5,000	5,000
Mrs GAD Kirkpatrick Trust	-	-	-	5,000
Other grants (individually less than £5,000)	25,960	5,500	31,460	52,305
	426,225	125,501	551,726	527,167
4. Income from Charitable Activities				
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	£	£	2016 £	2015 £
Short break care:				
Fees	896,276	-	896,276	862,370
Expenses recharged to guests	16,075	-	16,075	16,080
Staff meal income	3,057	-	3,057	4,186
Carers fees	20,460	-	20,460	23,785
	935,868	-	935,868	906,421

Income from charitable activities was £935,868 (2015: £906,421) of which £935,868 (2015: £906,421) was unrestricted and £nil (2015: £nil) was restricted.

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2016

5. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Fundraising events	74,658	-	74,658	31,529
Residents shop income & other sales	6,701	-	6,701	5,204
	<u>81,359</u>	<u>-</u>	<u>81,359</u>	<u>36,733</u>

Income from charitable activities was £81,359 (2015: £36,733) of which £81,359 (2015: £36,733) was unrestricted and £nil (2015: £nil) was restricted.

6. Expenditure

	Raising Funds £	Short Break Care £	Total Funds 2016 £	Total Funds 2015 £
<i>Direct costs</i>				
Staff costs	75,474	908,717	984,191	937,817
Other overheads	30,795	111,724	142,519	121,134
<i>Support costs</i>				
Staff costs	-	340,879	340,879	288,152
Finance costs	-	6,689	6,689	6,045
Property costs	-	111,932	111,932	180,555
Other overheads	-	134,428	134,428	115,203
Depreciation	-	50,566	50,566	30,605
Loss on disposal	-	23,539	23,539	-
<i>Governance costs</i>				
Auditor fees	-	10,304	10,304	10,521
Legal fees	-	3,931	3,931	2,676
	<u>106,269</u>	<u>1,702,709</u>	<u>1,808,978</u>	<u>1,692,708</u>

Expenditure was £1,808,978 (2015: £1,692,708) of which £1,677,932 (2015: £1,579,024) was unrestricted and £131,046 (2015: £113,684) was restricted.

Further analysis of the charitable activities is not provided as the Trustees believe the Charity only has one main activity.

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2016

7. Net income/(expenditure) for the year

This is stated after charging:

	2016	2015
	£	£
Auditor's remuneration – audit fees (current auditor)	6,300	-
Auditor's remuneration – audit fees (previous auditor)	400	6,200
Auditor's remuneration – non-audit fees (previous auditor)	3,604	4,321
Depreciation – owned assets	50,566	30,605
Hire of plant and machinery	1,727	1,157
Other operating leases – service charge	-	40,000
	<u> </u>	<u> </u>

8. Trustees' Remuneration and Benefits

There was no Trustees' remuneration or other benefits for the year ended 31 December 2016 nor for the year ended 31 December 2015.

Trustees' expenses

One (2015: none) Trustee was reimbursed expenses totalling £73 (£nil) in the year.

Donations from Trustees

During the year, Trustees donated a total of £4,515 (2015: £104,979) to the Charity.

9. Staff Costs

	2016	2015
	£	£
Wages and salaries	1,180,186	1,109,657
Agency staff	41,886	24,409
Settlement agreement	2,838	-
Social security costs	83,585	74,966
Other pension costs	16,575	16,937
	<u> </u>	<u> </u>
	1,325,070	1,225,969
	<u> </u>	<u> </u>

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

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 £168,622 (2015: £140,720).

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2016

9. Staff Costs (cont)

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

	2016	2015
	Number	Number
Senior management	3	3
Administration and support	7	7
Service providers	82	77
	92	87

10. Tangible Fixed Assets

	Improvements to Property £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Totals £
Cost					
At 1 January 2016	123,825	52,427	18,117	67,697	262,066
Additions	12,530	21,513	545	6,487	41,075
Disposals	-	(30,000)	-	-	(30,000)
At 31 December 2016	136,355	43,940	18,662	74,184	273,141
Depreciation					
At 1 January 2016	13,253	13,171	14,228	33,568	74,220
Charge for year	24,135	6,514	4,038	15,879	50,566
Disposals	-	(6,460)	-	-	(6,460)
At 31 December 2016	37,388	13,225	18,266	49,447	118,326
Net Book Value					
At 31 December 2016	98,967	30,715	396	24,737	154,815
At 31 December 2015	110,572	39,256	3,889	34,129	187,846

NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2016

11. Debtors: amounts falling due within one year

	2016 £	2015 £
Trade debtors	63,644	68,863
Other debtors	4,004	346
Prepayments and accrued income	27,172	36,641
	94,820	105,850

12. Creditors: amounts falling due within one year

	2016 £	2015 £
Other loans	36,933	79,929
Trade creditors	33,949	37,875
Social Security and other taxes	20,281	20,719
Other creditors	4,700	24,128
Accruals and deferred income	75,263	94,083
Pension	2,479	5,142
	173,605	261,876

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

	£
Brought forward	44,667
Released to income in the year	(44,667)
Deferred in year	57,200
Carried forward	57,200

Deferred income consists of grants of £35,000 (2015: £26,566) that the charity does not have entitlement to and receipts in advance for short breaks of £22,200 (2015: £18,101).

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 2016

13. Operating Lease Commitments

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

	Equipment 2016 £	Property 2016 £	Equipment 2015 £	Property 2015 £
Within one year	3,152	40,000	5,696	40,000
Between one and five years	-	160,000	3,152	160,000
In more than five years	-	180,000	-	220,000
	3,152	380,000	8,848	420,000

14. Funds

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2016 £
Unrestricted funds					
General Fund	95,305	1,734,296	(1,677,932)	(98,795)	52,874
Designated Funds					
Fixed assets	-	-	-	95,286	95,286
	95,305	1,734,296	(1,677,932)	(3,509)	148,160
Restricted funds					
Fixed assets	40,333	35,458	(21,188)	4,926	59,529
Donated assets	28,395	-	(26,978)	(1,417)	-
Staff costs	-	94,267	(81,380)	-	12,887
Other restricted funds	-	1,500	(1,500)	-	-
	68,728	131,225	(131,046)	3,509	72,416
Total Funds					
	164,033	1,865,521	(1,808,978)	-	220,576

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 from which depreciation will be charged.

NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2016

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.

Donated assets: the net book value of fixed assets donated to the Charity. The transfer relates to a donated asset that was disposed of in the year.

Staff costs: funds received towards specific staff costs.

Other restricted funds: These represent various donations made to the Charity (under £2,500) 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.

15. Pension Commitments

During the year the Charity contributed to personal pension plans in respect of certain employees. The charge for the year was £16,575 (2015: £16,937) of which £2,479 (2015: £5,142) was outstanding at the balance sheet date.

16. Related Party Disclosures

During the previous year, the Charity purchased a new Biomass boiler which was part financed by a loan of £79,929 from MNH Limited, a company in which Mr K Murdoch, Trustee, is a Director and Shareholder. The loan has been made at a rate of 0% and is repayable from reduced service charges from the Charity's landlord for a period of 18 months with the balance repayable from grant receipts related to the biomass boiler. The outstanding loan balance at the year-end is £31,933 (2015: £79,929).

17. Analysis of Net Assets Between Funds

	Unrestricted £	Restricted £	Total Funds £
Tangible fixed assets	95,286	59,529	154,815
Current assets	216,479	22,887	239,366
Current liabilities	(163,605)	(10,000)	(173,605)
	148,160	72,416	220,576

NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2016

18. Cashflow from Operating Activities

	2016 £	2015 £
Net income for the reporting period (as per the statement of financial activities)	56,543	25,229
Adjustments for:		
Depreciation charges	50,566	30,605
Interest received	(2)	(12)
Loss on sale of fixed assets	23,539	-
Decrease/(increase) in debtors	11,030	11,522
Increase/(decrease) in creditors	(45,275)	7,588
Net cash provided by operating activities	96,401	74,932

19. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	684	111
Instant access bank deposits	143,862	132,102
Total cash and cash equivalents	144,546	132,213