

LEUCHIE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

COMPANY REGISTRATION NO: SC392721

CHARITY NO: SC042249



WITELAW WELLS
Chartered Accountants
9 Ainslie Place
Edinburgh EH3 6AT

LEUCHIE

FINANCIAL STATEMENTS

For the year ended 31 December 2017

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LEUCHIE

REPORT OF THE TRUSTEES

For the year ended 31 December 2017

The Trustees are pleased to present their annual Trustees' report together with the financial statements of the Charity for the year ending 31 December 2017 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 2017

ACHIEVEMENT AND PERFORMANCE

Charitable activities

New research published during the year clearly highlighted the challenges of caring for someone with a neurological condition and maintaining the wellbeing of those undertaking caring roles. The State of Caring 2017 Report indicated that almost one in five of Scotland's 759,000 unpaid carers had not had a day's break in five years. During the year we experienced a further increase in demand demonstrating the need for respite breaks and the services offered by Leuchie.

Income from respite breaks continued to grow during 2017, and we provided more respite care to a wider range of people than ever before:-

- 6,354 respite days across both the short break and day respite services
- Overall occupancy across the year was 83% with 35% of guests new to Leuchie
- 62,773 hours of nursing and care support
- 35 different long term conditions were supported
- 45% of guests had the highest level of care needs
- 821 early interventions through guest assessments to prevent potential health issues
- £1,016,000 in fee income from respite services to guests and carers

In 2017, Leuchie surpassed its fundraising target due to excellent levels of support, particularly in the areas of events, gift aid and corporate support. Events raised more than £228,000, with the Marvellous Midsummer Ball organised by the Caledonian Committee, an external fundraising group, far exceeding their target to raise money towards the cost of a new minibus. The Ball raised over £145,000 in direct event income with a further £30,000 of other income streams attributable to this event. The annual Ascot Gold Cup event underwent significant changes resulting in a surplus of circa £18,000 which was 150% higher than the previous year. Leuchie was chosen as the 'charity of the year' to benefit from an established Strictly event raising £16,000 for Leuchie, as well as showcasing the work of Leuchie to over 500 people on the night.

Donations from major donors were disappointing with this category having its poorest performance ever. This source of income has been impacted by the development of the Leuchie Forever Fund (LFF). However, with the fundraising team now working more closely with the LFF trustees and a new Chair in place, this is likely to benefit major donor fundraising both internally and through the LFF in the current year.

In 2017 Leuchie made 206 Trust applications (17 per month) with a success rate of 21%, which sits just above industry standard.

Overall, in 2017 the fundraising team achieved 103% of targeted income.

Both the Trustees and the Senior Management Team were very disappointed with the outcome of the annual Care Inspection Report in August, which saw a drop in our scores across all areas. The Management team, whilst not in agreement with all the findings of the inspection, have been working hard to address the areas highlighted in the Care Inspectorate Report and, following a recent reinspection, the Care Inspectorate have acknowledged the improvements and changes made, resulting in improved grades being achieved. Our commitment to delivering the complex care our guests require by highly skilled staff and being a Living Wage Employer remains unchanged.

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2017

In 2017 running costs grew to circa £2 million. Whilst we recovered over £1,016,000 of this from fees and recharged expenses, and raised £666,000 from fundraising activities and from generous benefactors, we continue to rely on Scottish Government funding to address the remaining deficit. During the year the Scottish Government confirmed their commitment to provide five year funding support, subject to certain conditions being met, of £300,000 per annum. This support will assist the Trustees in their continued aim to achieve the financial sustainability of Leuchie in the medium to long term. We would take this opportunity to thank all our donors, funders and the Scottish Government for their financial support as without this support Leuchie could not continue to provide the vital services it does.

Leuchie benefits significantly from the invaluable support and encouragement received from its volunteers, without whom Leuchie could not function. During the year volunteers contributed 3,961 hours of support across all areas saving the charity an estimated £133,000. The Trustees are extremely grateful to all the volunteers for their continued support.

FINANCIAL REVIEW

Leuchie operations produced a deficit for the year of £20,370 (2016 – surplus of £56,543). The total value of funds held at 31 December 2017 amounted to £200,206 (2016 - £220,576) comprising £86,541 (2016 - £72,416) of a restricted nature and £113,665 (2016: £148,160) of an unrestricted nature.

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 £800k, 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. The Scottish Government's five year commitment to supporting Leuchie will, in addition to reducing the financial risk, also strengthen other fundraising activities in general. The Charity prepares a detailed annual budget, comprising monthly profit & loss accounts, balance sheet and cash flows, and performance is monitored and reviewed against the budget throughout the year.

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2017

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.

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.

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 remains the maximisation of 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 commenced 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. A number of alternative options were identified including alterations to the existing accommodation and currently the Trustees are assessing the operational and financial aspects of specific options with the assistance of external consultants, with a view to finalising plans by the end of 2018.

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

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 2017 no Trustees retired from the Board.

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2017

Induction and training of new Trustees

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

Organisational structure

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

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

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

Key management remuneration

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

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2017

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name	Leuchie (also 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 Kevin Wood	Chair Vice chair (appointed 15 May 2017)
Company Secretary	John McCluskie	
Key Management Personnel	Mairi O'Keefe (Chief Executive) Carolyn Roulstone (Head of Fundraising and Business Development) Rebecca Everett (Head of Operations)	
Registered Office and Operational Address	Leuchie House North Berwick, East Lothian EH39 5NT	
Senior Statutory Auditor	Kevin Cattnach	
Independent Auditors	Whitelaw Wells Statutory Auditor 9 Ainslie Place Edinburgh EH3 6AT	
Bankers	Royal Bank of Scotland 12 Westgate, North Berwick EH39 4AF	

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REPORT OF THE TRUSTEES (cont)

For the year ended 31 December 2017

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 23 April 2018 and signed on its behalf by:-


.....
Keith Murdoch, Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2017

We have audited the financial statements of Leuchie for the year ended 31 December 2017 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.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its net income or expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2017

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2017

Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



Kevin Cattnach

Senior Statutory Auditor

for and on behalf of Whitelaw Wells, Statutory Auditor

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

9 Ainslie Place

Edinburgh EH3 6AT

23 April 2018

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STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 December 2017

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Income and Endowments from:					
<i>Donations and legacies</i>					
Grants and donations	2	576,911	144,169	721,080	833,215
Legacies		8,159	-	8,159	-
<i>Charitable activities</i>					
Short break care	4	1,015,871	-	1,015,871	935,868
Other trading activities	5	234,773	10,000	244,773	81,359
Investment income		13	-	13	2
Other income – renewable heat incentive		17,582	-	17,582	15,077
Total		1,853,309	154,169	2,007,478	1,865,521
Expenditure on:					
Raising funds		142,259	-	142,259	106,269
Charitable activities		1,745,576	140,013	1,885,589	1,702,709
Total	6	1,887,835	140,013	2,027,848	1,808,978
Net (Expenditure)/Income	7	(34,526)	14,156	(20,370)	56,543
Transfer between funds	14	31	(31)	-	-
Net movement in funds		(34,495)	14,125	(20,370)	56,543
Reconciliation of Funds					
Total Funds Brought Forward		148,160	72,416	220,576	164,033
Total Funds Carried Forward		113,665	86,541	200,206	220,576

The results for the year derive from continuing activities.
There are no gains or losses other than those shown above.
The notes on pages 14 – 24 form part of these financial statements.

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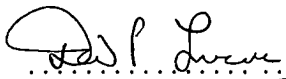
BALANCE SHEET

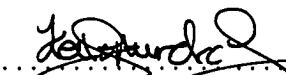
As at 31 December 2017

	Note	£	2017 £	2016 £
Fixed Assets				
Tangible assets	10		119,525	154,815
Current Assets				
Debtors	11	106,611		94,820
Cash at bank and in hand		162,311		144,546
		<u>268,922</u>	<u>239,366</u>	
Creditors: Amounts falling due within one year	12	(188,241)	(173,605)	
		<u></u>	<u></u>	
Net Current Assets			80,681	65,761
			<u></u>	<u></u>
Net Assets			200,206	220,576
			<u></u>	<u></u>
Funds	14			
Unrestricted funds			113,665	148,160
Restricted funds			86,541	72,416
			<u></u>	<u></u>
Total Funds			200,206	220,576
			<u></u>	<u></u>

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 23 April 2018 and were signed on its behalf by:


 Sir David Tweedie
 Trustee


 Keith Murdoch
 Trustee

Company Registration No: SC392721

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

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CASH FLOW STATEMENT

As at 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	18	32,723	96,401
Cash flows from investing activities			
Interest received		13	2
Purchase of property, plant and equipment		(14,971)	(41,075)
Proceeds from the sale of property, plant and equipment		-	1
Net cash used in investing activities		(14,958)	(41,072)
Cash flows from financing activities			
Repayments of borrowings		-	(47,996)
Cash inflows from new borrowings		-	5,000
Net cash (used in) financing activities		-	(42,996)
Change in cash and cash equivalents in the reporting period		17,765	12,333
Cash and cash equivalents at the beginning of the year		144,546	132,213
Cash and cash equivalents at the end of the year		162,311	144,546

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 inflow of £17,765 in the period and a decrease in total funds of £20,370 to £200,206 of which £27,648 are held in the general fund. The Trustees have prepared cash flow projections for the twelve months to December 2018 and these indicate that the charity should be in a position to honour debts and obligations as they arise, assuming that grant income is received in a timely manner. The Trustees are continuing to work hard to secure a stable funding position for the Charity and work towards the stated aim of holding one year's net operating expenditure in reserves, currently c. £800K. During the year the Scottish Government confirmed their commitment to provide five year funding support, subject to certain conditions being met, of £300,000 per annum upto March 2023.

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 2017

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 2017

1. Accounting Policies (cont)

Fund accounting (cont)

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

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

Financial instruments

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

2. Income from Grants and Donations

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Donations	212,644	23,607	236,251	259,528
Gift Aid	20,997	-	20,997	21,961
Grants (note 3)	343,270	120,562	463,832	551,726
	576,911	144,169	721,080	833,215

Income from donations was £721,080 (2016: £833,215) of which £576,911 (2016: £701,990) was unrestricted and £144,169 (2016: £131,225) was restricted.

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2017

3. Grants	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	£	£	2017	2016
			£	£
The Scottish Government	300,000	-	300,000	369,840
The Robertson Trust	-	25,000	25,000	-
The R S Macdonald Charitable Trust	-	22,000	22,000	-
Garfield Weston Foundation	20,000	-	20,000	-
The Morrison Foundation	-	10,087	10,087	-
Barcapel Foundations	-	10,000	10,000	-
G C Gibson Charitable Trust	10,000	-	10,000	10,000
Bank of Scotland Foundation	-	7,765	7,765	-
Christina Mary Hendrie Trust	-	7,715	7,715	7,765
The Helen A Reid Charitable Trust	-	4,000	4,000	5,000
The Hugh Fraser Foundation	-	5,000	5,000	5,000
The Rosamunde Pilcher Foundation	5,000	-	5,000	-
The Henry Smith Charity	-	-	-	42,225
Edinburgh & Lothians Health Foundation	-	-	-	38,439
The R S MacDonald Charitable Trust	-	-	-	22,000
The Quies Trust	-	-	-	10,000
Crerar Hotels Trust	-	-	-	9,997
Other grants (individually less than £5,000)	8,270	28,995	37,265	31,460
	<u>343,270</u>	<u>120,562</u>	<u>463,832</u>	<u>551,726</u>
4. Income from Charitable Activities				
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	£	£	2017	2016
			£	£
Short break care:				
Fees	977,598	-	977,598	896,276
Expenses recharged to guests	14,795	-	14,795	16,075
Staff meal income	3,095	-	3,095	3,057
Carers fees	20,383	-	20,383	20,460
	<u>1,015,871</u>	<u>-</u>	<u>1,015,871</u>	<u>935,868</u>

Income from charitable activities was £1,015,871 (2016: £935,868) of which £1,015,871 (2016: £935,868) was unrestricted and £nil (2016: £nil) was restricted.

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2017

5. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Fundraising events	220,832	10,000	230,832	74,658
Residents shop income & other sales	13,941	-	13,941	6,701
	<u>234,773</u>	<u>10,000</u>	<u>244,773</u>	<u>81,359</u>

Income from charitable activities was £244,773 (2016: £81,359) of which £234,773 (2016: £81,359) was unrestricted and £10,000 (2016: £nil) was restricted.

6. Expenditure

	Raising Funds £	Short Break Care £	Total Funds 2017 £	Total Funds 2016 £
<i>Direct costs</i>				
Staff costs	66,915	1,090,682	1,157,597	984,191
Other overheads	75,344	118,208	193,552	142,519
<i>Support costs</i>				
Staff costs	-	357,916	357,916	340,879
Finance costs	-	6,496	6,496	6,689
Property costs	-	117,301	117,301	111,932
Other overheads	-	137,975	137,975	134,428
Depreciation	-	50,261	50,261	50,566
Loss on disposal	-	-	-	23,539
<i>Governance costs</i>				
Auditor fees	-	6,750	6,750	10,304
Legal fees	-	-	-	3,931
	<u>142,259</u>	<u>1,885,589</u>	<u>2,027,848</u>	<u>1,808,978</u>

Expenditure was £2,027,848 (2016: £1,808,978) of which £1,880,924 (2016: £1,677,978) was unrestricted and £146,924 (2016: £131,046) was restricted.

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

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2017

7. Net (expenditure)/income for the year

This is stated after charging:

	2017	2016
	£	£
Auditor's remuneration – audit fees (current auditor)	6,480	6,300
Auditor's remuneration – non-audit fees (current auditor)	270	-
Auditor's remuneration – audit fees (previous auditor)	-	400
Auditor's remuneration – non-audit fees (previous auditor)	-	3,604
Depreciation – owned assets	50,261	50,566
Hire of plant and machinery	917	1,727
Other operating leases – service charge	12,569	-
	<u> </u>	<u> </u>

8. Trustees' Remuneration and Benefits

There was no Trustees' remuneration or other benefits for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Trustees' expenses

No Trustee was reimbursed expenses in the year (2016: one Trustee totalling £73).

Donations from Trustees

During the year, Trustees donated a total of £2,236 (2016: £4,515) to the Charity.

9. Staff Costs

	2017	2016
	£	£
Wages and salaries	1,223,225	1,180,186
Agency staff	193,303	41,886
Settlement agreement	-	2,838
Social security costs	82,856	83,585
Other pension costs	16,129	16,575
	<u> </u>	<u> </u>
	1,515,513	1,325,070
	<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 £140,482 (2016: £168,622).

NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2017

9. Staff Costs (cont)

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

	2017 Number	2016 Number
Senior management	3	3
Administration and support	9	7
Service providers	68	82
	80	92

10. Tangible Fixed Assets

	Improvements to Property £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Totals £
Cost					
At 1 January 2017	136,355	43,940	18,662	74,184	273,141
Additions	-	11,533	-	3,438	14,971
Disposals	-	-	-	-	-
At 31 December 2017	136,355	55,473	18,662	77,622	288,112
Depreciation					
At 1 January 2017	37,388	13,225	18,266	49,447	118,326
Charge for year	25,259	7,767	182	17,053	50,261
Disposals	-	-	-	-	-
At 31 December 2017	62,647	20,992	18,448	66,500	168,587
Net Book Value					
At 31 December 2017	73,708	34,481	214	11,122	119,525
At 31 December 2016	98,967	30,715	396	24,737	154,815

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2017

11. Debtors: amounts falling due within one year

	2017	2016
	£	£
Trade debtors	71,387	63,644
Other debtors	-	4,004
Prepayments and accrued income	35,224	27,172
	106,611	94,820

12. Creditors: amounts falling due within one year

	2017	2016
	£	£
Other loans	5,000	36,933
Trade creditors	87,885	33,949
Social Security and other taxes	22,598	20,281
Other creditors	7,336	4,700
Accruals and deferred income	63,096	75,263
Pension	2,326	2,479
	188,241	173,605

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

	£
Brought forward	57,200
Released to income in the year	(57,200)
Deferred in year	29,674
Carried forward	29,674

Deferred income consists of grants of £nil (2016: £35,000) that the charity does not have entitlement to and receipts in advance for short breaks of £29,674 (2016: £22,200).

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 2017

13. Operating Lease Commitments

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

	Equipment 2017 £	Property 2017 £	Equipment 2016 £	Property 2016 £
Within one year	1,893	25,000	3,152	40,000
Between one and five years	3,234	100,000	-	160,000
In more than five years	-	88,542	-	180,000
	5,127	213,542	3,152	380,000

14. Funds

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

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

Purposes of Designated Funds

Fixed asset

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

NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2017

14. Funds (cont)

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

Staff costs: funds received towards specific staff costs.

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

15. Pension Commitments

During the year the Charity contributed to personal pension plans in respect of certain employees. The charge for the year was £16,129 (2016: £16,575) of which £2,326 (2016: £2,479) 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 £nil (2016: £31,933).

17. Analysis of Net Assets Between Funds

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

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NOTES TO THE FINANCIAL STATEMENTS (cont)

For the year ended 31 December 2017

18. Cashflow from Operating Activities

	2017	2016
	£	£
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(20,370)	56,543
Adjustments for:		
Depreciation charges	50,261	50,566
Interest received	(13)	(2)
Loss on sale of fixed assets	-	23,539
(Increase)/decrease in debtors	(11,791)	11,030
Increase/(decrease) in creditors	14,636	(45,275)
Net cash provided by operating activities	32,723	96,401

19. Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	323	684
Instant access bank deposits	161,988	143,862
Total cash and cash equivalents	162,311	144,546

20. Capital commitment

As at the year end the charity had committed to purchase a minibus at a cost of £89,148 (2016: £Nil).