Chest Heart & Stroke Scotland

31 MARCH 2017

STRATEGIC REPORT, TRUSTEES' REPORT & FINANCIAL STATEMENTS

(limited by guarantee)
Charity Number: SC018761
Company Number : SC129114

Chest Heart & Stroke Scotland

(limited by guarantee)

LEGAL AND ADMINISTRATIVE INFORMATION - 31 March 2017

DIRECTORS 2016-17	Dr Roger G Smith	(Chair)
	Mrs Hazel W Fraser	(Vice Chair)
	Dr J Douglas Stuart	(Vice Chair)
	Mrs Gill Alexander	
	Dr Alan Begg	
	Mr Michael Begg	(to 25 November 2016)
	Dr Gavin Boyd	
	Dr Charlie Chung	
	Prof Martin Dennis	(from 31 January 2017)
	Theresa Douglas	
	Aileen Easton	(from 30 March 2017)
	Prof Gerry Fowkes	
	Dr David H Franklin	(to 25 November 2016)
	Prof James A R Friend	(to 25 November 2016)
	Mr James B Grant	(to 25 November 2016)
	Prof Simon Harris	(from 25 November 2016)
	Dr Anne Hendry	(to 25 November 2016)
	Dr Linda Ingham	(to 25 November 2016)
	Dr Angie Jackson-Morris	(from 25 November 2016)
	Prof Peter Langhorne	(to 25 November 2016)
	Prof Gordon Lowe	
	Mrs Barbara Mitchelmore	
	Mr Neil Pirie	
	Dr Henry Prempeh	(to 25 November 2016)
	Janet Reid	(from 25 November 2016)
	Professor Sir Lewis D Ritchie	(to 15 May 2016)
	Mr George T Sime	(to 25 November 2016)
	Dr Robert R C Stewart	(to 25 November 2016)
	Prof Allan Struthers	
	Mrs Sandra Walker	(to 15 January 2017)
	Mr Kenneth Walmsley	
	Dr Keith Weston	
	Mr John Wilson	(to 19 June 2017)
SECRETARY	Mr John Wilson	(from 19 June 2017)
	Mr M O'Donnell	(to 19 June 2017)

REGISTERED OFFICE Rosebery House, 9 Haymarket Terrace, Edinburgh, EH12 5EZ
Telephone 0131 225 6963 | Email admin@chss.org.uk | Website www.chss.org.uk

AUDITOR	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
BANKERS	Royal Bank of Scotland plc 142-144 Princes Street Edinburgh EH2 4EQ Bank of Scotland plc The Mound Edinburgh EH1 1YZ Santander UK plc Bootle Merseyside L30 4GB
INVESTMENT MANAGERS	Brewin Dolphin Sixth Floor Atria One 144 Morrison Street Edinburgh EH3 8EX
SOLICITORS	Blair Cadell The Bond House 5 Breadalbane Street Edinburgh EH6 5JH

The Trustees, who are also directors of the Charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ending 31 March 2017. The Trustees have adopted the provisions of Charities SORP (FRS102), UK GAAP FRS (102) and the Companies Act 2006 in preparing the annual report and financial statements of the Charity.

ACHIEVEMENTS, PERFORMANCE & FUTURE PLANS

For more than a century, the charity now known as Chest Heart & Stroke Scotland has been helping prevent chest, heart and stroke illness, and supporting the people of Scotland affected by these conditions. As an independent, wholly Scottish charity, working to meet Scottish priorities, every pound of income we raise in Scotland is spent on addressing need in Scotland.

Through providing advice and information, funding research and campaigning on public health issues, we have contributed to the steady decline in the mortality rates for heart conditions and stroke, though mortality rates for respiratory conditions have been on the rise in recent years. By supporting people affected, through our local and national services in every part of Scotland, we have helped reduce the burden of ill-health and disability arising from chest, heart and stroke illness.

In our 2014-17 strategic plan we were clear that much remained to be done. More support in the community was needed for those living with these conditions, and their carers. More needed to be done to raise the profile of these conditions, and to influence public policy on securing service improvements. Our vision was for a healthier Scotland where no-one died prematurely of preventable chest, heart or stroke conditions, and all of those affected received the highest standards of treatment and support.

Our 2014-17 strategic plan was based on our successful 2010-2013 strategy, and has proved to be an important statement of our continuing vision. Between 2010 and 2017 we distributed nearly 1.3 million information leaflets, our Advice Line Nurses responded to 16,000 calls, our Stroke Nurses and Therapists have supported 19,000 people when they move home from the hospital after a stroke and our dedicated army of volunteers have given nearly a million hours of their time since 2010, which represents a notional value of over £8m to CHSS.

However, 2016-17 has been a time of review and reflection, with an acknowledgement that our charitable activities cover an unrealistically wide number of work streams, whilst the context of our work has begun to change substantially.

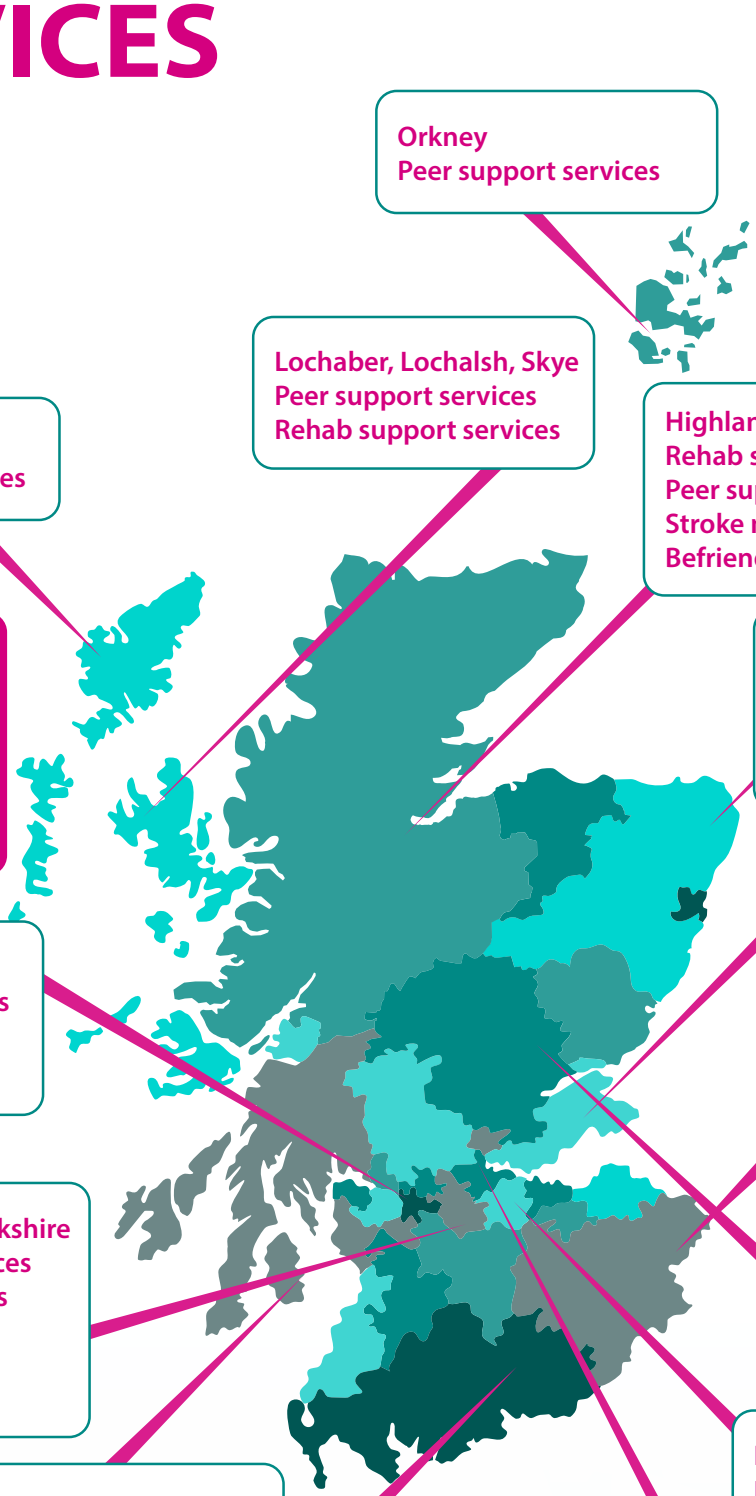
Externally, the Scottish Government has brought together the work of the NHS and social care responsibilities of local authorities, under the aegis of the new Integrated Joint Boards for health and social care, creating a new landscape of statutory provision. It is also a time of demographic change. While the number of people dying of heart conditions or a stroke continues to decline, advances in medical science mean many more people are surviving what would have been fatal health emergencies a few years ago to live for much longer with our conditions. Charity fundraising faces new challenges: reforms to data protection make sustaining relations with existing supporters and recruiting new donors more difficult, at a time when more money is needed.

The regulatory framework, previously managed by the Fundraising Standards Board and replaced south of the border by the Fundraising Regulator, is now overseen by OSCR.

In response to this the Charity has decided to undertake a fundamental rethink of our continuing mission and activities during the next business plan period of 2018-21 and beyond. We recognise the changing context will require a 'New Ambition' for the Charity, and also requires us to reassess some of our current activities and ways of working. To give greater focus to the delivery of this New Ambition, we have split our Fundraising and Retail activities into two separate departments, brought together Community Stroke Services and Advice and Support into a new Services department, and created new Corporate Services (previously Finance) and Strategy and Communications (previously PR) departments. The decision was also taken to suspend investment in new research, pending a review of the efficiency and effectiveness of current arrangements.

Chest
Heart &
Stroke
Scotland

SERVICES



Scotland wide
Advice Line
Advice literature
Campaigns
Support grants
Personal Voices training

Harris & Lewis
Rehab support services

Orkney
Peer support services

Shetland
Peer support services

Lochaber, Lochalsh, Skye
Peer support services
Rehab support services

Highland
Rehab support services
Peer support services
Stroke nurses
Befriending

Grampian
Rehab support services
Peer support services
Stroke nurses
Stroke trainer

Fife
Peer support services
Stroke nurses
Stroke Trainer
Rehab support services

Greater Glasgow
Rehab support services
Peer support services
Befriending

Borders
Peer support services
Rehab support services
Stroke trainer

North & South Lanarkshire
Rehab support services
Peer support services
Stroke nurses
Stroke trainer
Befriending

Tayside
Rehab support services
Peer support services

Ayrshire & Arran
Rehab support services
Peer support services

Dumfries & Galloway
Rehab support services
Peer support services
Stroke nurses
Stroke trainer

Edinburgh & Lothian
Rehab support services
Peer support services
Stroke nurses
Stroke trainer

Forth Valley
Peer support services

Highlights

It was another very successful year for our services department, which supports thousands of people with our conditions across Scotland.

In 2016/17 CHSS's Stroke Nurse Service in Grampian, part funded by NHS Grampian, saw its highest level of new referrals in a single year. Our nurses supported over 1,050 newly diagnosed patients and their families living with the impact of a stroke and/or TIA. The service ensures that people are given advice and information to adjust to life after stroke including making necessary changes to their lifestyle and to help reduce the risk of further strokes and other long-term conditions. The service helps patients make a smooth transition from hospital back home. The support given to them and their carers is person-centred, and is tailored to the expressed needs and goals of individuals as they learn to live with a long- term condition. The Nurses work together with patients & their families, providing relevant information including that in relation to the adoption of lifestyle changes to minimise the risk of further events & other long-term conditions. They give practical, emotional and social support; support with financial issues; vocational rehabilitation and support to resume interests - helping to prevent social isolation & depression.

In September CHSS's Services team were thrilled to receive two 'Highly Commended' awards for MyLungsMyLife and Selfhelp4stroke e-learning resources at the BMA Patient Information Awards 2016 in London. Both these online tools were developed in partnership with NHS Scotland, the University of Edinburgh and patients to support people across Scotland living with long-term conditions.

CHSS staff were also delighted to have been shortlisted for the Self-Management Partnership of the Year award in October 2016.

Our awarding winning Advice Line Nurses were thrilled to have been the first UK helpline to be accredited with the Helplines Partnership Quality Standard (the gold standard for UK helplines to achieve) for the sixth time. Our nurses offer confidential, independent advice, information and support with all aspects of living with lung disease, heart disease and stroke. In addition they offer advice to families, carers, and health and social care professionals across Scotland. All advice given is individual and evidence based from up to date Scottish and UK clinical guidelines.

An exciting new project has been funded by the Scottish Government for CHSS to develop a new online learning resource for health and social care staff who work with people affected by chronic lung disease in Scotland. Our partners in this initiative will be the University of Edinburgh and NHS experts working in the field of respiratory across Scotland. The new project is called "Respiratory Education to Support Professionals through e-learning: RESPe. This interactive resource will support the education and training of Health & Social Care Professionals in a range of healthcare settings throughout Scotland. The content will introduce concepts of respiratory care, lung disease and increase knowledge of the needs of this patient group including supported self-management. A working group will start to look at the next stage of this project in July with a RESPe launch in October/ November 2018.

STRATEGY & COMMUNICATIONS

Highlights

With the creation of the new Strategy & Communications function within CHSS, 2016/17 saw our first engagement with political parties at their Scottish conferences.

In partnership with Marie Curie we co-hosted a fringe meeting at the SNP conference in the autumn, looking at the impact of health and social care integration on the third sector, at which the Cabinet Secretary for Health and Sport, Shona Robison MSP, spoke. In March we partnered with the Chartered Society of Physiotherapy to deliver a further fringe event at the Scottish Conservative Party conference on the importance of long-term rehabilitation and support for people living with our long-term conditions, which was addressed by the Shadow Cabinet Secretary for Health and Sport, Donald Cameron MSP.

Our highest-profile supporter story last year focussed on the incredible efforts of Benjamin Napier, who ran 370 miles from Dunbar to Shetland raising an amazing £20,000. Benjamin ran in memory of his daughter Chloe, who he sadly lost to heart problems at the age of one. He shared his moving story, which also talked about the challenges he and his wife faced after she suffered a stroke, with the nation. Benjamin and his family featured in local and national papers across Scotland, appeared on Radio Shetland and Radio Scotland, as well as sharing his story on STV Live at Five and STV News at Six.

SNP conference

Scottish Conservatives conference

Visits to our website continue to grow year on year at a rate of about 20%, which is extremely healthy. We are on track to hit 1,000,000 page views this year and our user base has increased by 40% to 340,000 visitors in the last 12 months. We now host 10 different websites and applications under www.chss.org.uk, and the numbers are set to grow as more services move onto digital platforms.

RETAIL & TRADING

Highlights

Following the significant investment in 2015/16, Retail & Trading achieved its highest ever total income and surplus in 2016/17.

There are now 34 stores in the chain and the adaptable model of operating a variety of Boutiques, Discount Stores and 99p Stores depending on location, continues to be effective. CHSS received recognition from the wider charity retailing sector this year, with the Dundee Discount Store being awarded 'Best Shop Interior' by delegates at the Charity Retail Association Conference and our staff and volunteers from the Cults shop being judged 'Shop Team of the Year' at the UK-wide Charity Retail Awards for their exceptional commercial performance and community engagement.

A combination of growth in Christmas Card sales, an expanded diary range, the launch of Everyday Greetings Cards and a trial of bought-in gifts led to increased 'own product' income from the Charity's Trading subsidiary of 26.6% on 2015/16. The Everyday Card element is performing well and has recently been expanded through partnerships with Scottish artists. A range of Scottish and regional gifts will launch in stores in the summer of 2017.

FUNDRAISING

Participants at our Loch Leven Walkathon event

Highlights

As with most health charities, legacies continue to be a very important - though very variable - source of income for the Charity. The total value of bequests received during the year was an amazing £4,878,394 – an increase of 110.8% from last year due mainly to an uplift in the average size of legacy (with four very large bequests), rather than in their number. Legacy income over the last ten years has ranged from £1.82m to £4.88m, with a median of £2.72m p.a.

Legacy marketing began in earnest in 2010 and, whilst lack of data makes it impossible to prove direct cause and effect, we will be revising and renewing our materials, and continuing our successful relationship with McClure Solicitors, who kindly offer free wills for CHSS supporters and also donate their fee to us.

Fundraising income from donations, volunteer fundraising and CHSS fundraising events remained broadly in line with 2015/16 levels recording an increase of 2.3%. However, the Charity has seen continued growth in donations from our most committed supporters - people who have lost loved ones to chest, heart and stroke illness – and we are truly grateful to all those who think of giving to support our work at such a time.

The year saw significant Charity of the Year relationships with Anderson Strathern and Johnston Carmichael, as well as our ongoing relationship with Network Rail and Balfour Beatty, who allow us access to the Forth Bridge for our abseils. The two 2016 abseils saw record income of £264,490. Trust income rose 39.7% with particular support from the HE Mitchell Trust, the PF Charitable Trust and the Northwood Charitable Trust. We thank them all for their support.

Our events programme continues to develop, with the expansion of the Beast races in the north (in association with Firetrail Events), our first ever night-time abseil from the Titan crane, and the growth of our local Walkathons, which are designed to be accessible to those with lived experience of our conditions, their friends and families.

However, the introduction of the General Data Protection Regulations (GDPR) in May 2018 will make fundraising much more difficult. One option is to move to an Opt In system, where consent to use a donor's data for marketing has to be "unambiguous" and we have a one-off opportunity to contact all our donors to obtain consent. The questions we could ask about consent are currently being trialled with our volunteers, as the Regulations also apply to them. This means that the support of our dedicated community staff and volunteers is even more important as we will have to work much harder to find and retain new donors.

The Wilson Bowl event was a memorial American Football Tournament organised by the family of two very special people – Alan & Brenda Wilson - a husband and wife who sadly passed away within 4 weeks of each other in 2015.

Team players at the Wilson Bowl event

Alan and Brenda met when they were 18 years old. Tragically, Alan passed away very suddenly, at the age of 58, from a sudden heart attack. Brenda fell ill on the morning of Alan's funeral, suffering a brain aneurysm, and after a 2 week battle, sadly also passed away. Both had lived wonderfully active lives giving a lot of time and effort to the American Football community in Scotland. The couple's devoted children hosted the Wilson Bowl event in July 2016 supported by family, friends and the local community. "We chose to donate to Chest Heart & Stroke Scotland as their work is very close to our hearts".

This fantastic event celebrated their lives and their love for the sport, and raised an incredible £4,465.00 in aid of CHSS.

CORPORATE SERVICES

Highlights

CHSS is one of the largest volunteer-involving organisations in Scotland and our volunteering programme is widely recognised across the third and public sector as being the programme to emulate.

Volunteers are vital to the success of the organisation and the Charity is grateful for the committed and enthusiastic contribution of volunteers to its services, charity shops and fundraising activities.

Across the Charity as a whole over the course of the year, 1,600 volunteers undertook over 70 roles and contributed 155,000 hours of service, representing an economic benefit worth an estimated total of £1,600,000.

Highlights in the last year include the Charity receiving its 4th re-accreditation in the UK Quality Award Investing in Volunteers, the largest organisation in Scotland to receive this award.

As part of the New Ambition consultation we held 5 volunteer conferences across Scotland to ensure that volunteers as a major contributor to CHSS were able to provide their valuable input.

"I loved my whole volunteering experience"

"It gave me the confidence to go back to paid employment"

"I enjoyed meeting new people. I felt I was able to help and I learned a great deal. Excellent training"

"It was really good to get out of the house and meet new people, and learn new skills for future employment"

FINANCIAL REVIEW

The Statement of Financial Activities for the year is set out on page 17 of the financial statements. The Charity's annual budget, approved by the Trustees, planned to operate at a deficit of approximately £387,000 for the year to 31 March 2017. Our gross income from all sources was £11,586,829 – an increase of 35% over the level achieved in 2016-17. This was mainly due to increases in legacy income of £2,564,000 and Retail donations and sales income of £491,000. These, together with an increase in the value of listed investments, led to a net positive movement in funds for the year of £2,947,075.

Income generated from the Charity's patient services from the National Health Service, Local Authorities and the Scottish Government decreased by 6.5% over the previous year to £1,327,625. This decrease reflected the end of several projects which had generated income in 2016-17 of £50,000 compared to £299,000 in the previous year. However, during the year, the Charity also entered into several new agreements worth £117,000 in 2016-17 demonstrating the value placed by statutory agencies on the services provided by the Charity, even in times of severe restraint on public expenditure.

Investment policy and returns

In November 2012, the Charity appointed Brewin Dolphin as investment managers. During the fourth full year of this appointment, the relationship with Brewin Dolphin has resulted in total returns from investments, net of management fees, of £157,614. As permitted by the Charity's Articles of Association, the Trustees have given the investment managers discretion to manage the portfolio within an agreed risk profile. It is the Charity's policy specifically to avoid investment in the tobacco industry.

CHSA Trading Limited

CHSA Trading is a wholly-owned subsidiary of Chest Heart & Stroke Scotland, and carries out non-charitable trading activities on behalf of the Charity, i.e. the sale of CHSS Christmas cards and associated merchandise. As well as contributing to the operating profit which the Trading Company transfers to the Charity's funds, CHSS Christmas cards continue to be a valuable means of maintaining supporters' loyalty to CHSS. The Trading Company also allows Gift Aided donations to be turned into cash, which is then donated back to the Charity.

Changes in fixed assets

The movements in fixed assets are set out in Note 8 to the financial statements.

Reserves

The Trustees regularly review the Charity's reserves and as part of the current Strategic Plan, has a defined reserves policy. This takes into account a range of factors, including the unpredictability of legacy income, the need to maintain a buffer against an unforeseen reduction in service income, and the ability to respond to unexpected opportunities for service development or income generation.

The objectives of the Charity's reserves policy are:

- to enable maximum use of donated funds for charitable purposes
- to ensure continuity of operations in the event of large variations in income
- to cover specific liabilities and identifiable risks
- to enable CHSS to respond to unexpected opportunities for service development
- to generate income to support charitable activities

The target level of reserves as approved by the Trustees as part of the Charity's reserves policy is £5.5m (which represents approximately eight months of the Charity's unrestricted annual expenditure in the year). As at 31 March 2017, the level of free reserves (defined as total funds less tangible fixed assets and restricted reserves) stood at £6.62 million. The Charity is therefore operating within the parameters of its approved reserves policy. Details of restricted funds are given in Note 16 to the financial statements.

Key Performance Indicators

In the Trustees' report for the prior year, a number of key performance indicators (KPIs) were set out, derived from the Charity's Strategic Plan, against which performance in the year to 31 March 2017 could be assessed. These KPIs, and progress against them, are as follows: -

- a minimum of 70% of total CHSS expenditure (excluding retail expenditure) should be on charitable services – achieved; charitable spend was 80% of total.
- CHSS should operate within its agreed Reserves Policy, ensuring maximum use of resources for charitable purposes, while covering identifiable risks and liabilities – achieved
- the sickness absence rate across all CHSS activities should be less than 4.0% - achieved; the sickness absence rate was 3.9% for 2016-17

KPIs for 2017-18

The following Key Performance Indicators have been identified against which to measure progress in the year to 31 March 2018: -

- a minimum of 70% of total CHSS expenditure (excluding retail expenditure) should be on charitable services
- CHSS should operate within its agreed Reserves Policy, ensuring maximum use of resources for charitable purposes, while covering identifiable risks and liabilities
- the sickness absence rate across all CHSS activities should be less than 4.0%

Principal risks and uncertainties

The Charity operates a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks.

During 2016/17 the Charity undertook a major review of its mission and purpose and from this, a new strategic direction called "New Ambition" was approved by the Board.

The recent agreement on the New Ambition for CHSS raises a number of new opportunities and threats which need to be assessed within the risk register. The Chief Executive and Executive Directors will therefore undertake a comprehensive review of the risk register and make a report to the Finance and Audit Committee during the 2017/18 financial year.

In the meantime the major strategic risks facing the charity continue to be:

- prolonged loss of income
- death or serious injury at a fundraising event
- potential reputational damage arising from a range of potential circumstances
- disruption caused by sustained loss of access to the Charity's Head Office

To mitigate these risks the Charity has in place;

- an effective fundraising strategy with an emphasis on diversity of income streams to reduce the dependency on legacy income
- investment in Strategic Development capacity which will identify funding opportunities
- a full risk assessment by suitably trained staff at all events
- a PR strategy and Reputational Damage response plan
- a business continuity plan

The Board is satisfied that:

- the major risks to which the Charity is exposed have been identified
- suitable action has been taken to mitigate these risks
- responsibility for ongoing risk management should be delegated to the Finance & Audit Committee, with an annual report to Council

The Strategic Report is approved by the Board and signed on its behalf by:

Name:

Dr Roger Smith - Chairman of Board of Trustees

Date: 31 August 2017

TRUSTEES' REPORT

Structure, governance and management

The Charity is a charitable company limited by guarantee and was set up on 24 December 1990. It is governed by a Memorandum and Articles of Association, which were amended and updated in June 2013. It is a registered Scottish Company (Scottish Company Number SC129114) and registered with the Office of the Scottish Charity Regulator (OSCR) (Scottish Charity Number SC018761).

The Chairman of the Board of Trustees, the Charity's governing body, is Dr Roger Smith, re-elected in November 2016. The Chief Executive at 31 March 2017 was Mr Mark O'Donnell (who has since resigned and been replaced by Mr John Wilson, Interim Chief Executive). The registered office, which is the principal office of the Charity, is detailed on Page 1.

CHSS is governed by a Board of Trustees drawn from throughout Scotland, and from a range of backgrounds including medicine, nursing, therapy, social care, business and industry, along with patient and volunteer representation.

The legal and administrative information on pages 1 and 2 form part of the Trustees' Report.

At the AGM on November 25th 2016, after a process of consultation and discussion among Trustees, a set of resolutions designed to improve the flexibility and performance of the governance structure were agreed. These resolutions did not require changes to the Articles of Association.

It was resolved that the number of Trustees be reduced to 20, and further agreed that the possibility of further reduction should be explored.

It was also agreed that the Chair should serve for a maximum period of five years with the possibility of one further five year period (i.e. a maximum 10 years).

The CHSS Articles of Association state that Trustees are elected for a period of three years with the possibility of being re-elected for a further two terms (maximum nine years), and that one third of the Trustees will come up for re-election or retiral each year at the AGM. A Trustee who has served for three consecutive terms must take a break from office, unless otherwise determined by a resolution of the Trustees.

It was resolved that, while the maximum length of unbroken service of any Trustee, in any capacity, would normally be nine years, if a Trustee becomes the Chair then the maximum length of unbroken service would 14 years, i.e. a Trustee who became Chair after nine years would be eligible for one additional five year term as Chair. It was also resolved that, because the new structures effectively mean a fresh start for the Board, term limits on the number of times a Trustee may be reappointed after retiral are considered to have started from the date of the 2016 AGM.

The AGM also agreed to establish a new kind of associate member known as 'members of CHSS Council'. These associate members would, alongside Trustees, be members of CHSS Council, which is designed to be a larger strategic and advisory group that supports CHSS decision making processes. Those co-opted to a CHSS committee would normally become an associate member of this kind. It was agreed that the Board of Trustees of CHSS will meet six times per year, with two of those occasions being joint meetings with Council.

Two committees were retained (Finance and Audit Committee and Volunteer Steering Group), two were retained subject to review (Welfare Committee, Research Committee) and two new committees were agreed, but had not started to meet by March 31st 2017 (Retail Committee and Staff Governance Committee).

Management remuneration policies, procedures and practices

Senior Management staff remuneration is set by the Finance and Audit committee which is currently made up of four Trustees and one co-opted member.

At 31 March 2017, the Charity considered Key Senior Management to be the following:

Chief Executive:
Mr Mark O'Donnell

Director of Corporate Services:
Mr Paul Bannon

Director of Services:
Mrs Margaret Somerville

Director of Fundraising:
Mrs Penelope Blackwell

Director of Strategy and Communications
Mr Mark Ballard

Director of Retail
Mr Jay Hogarty

Details of total key management remuneration and benefits are included in Note 7.

Objectives and activities

Our mission is to improve the quality of life for people in Scotland affected by chest, heart and stroke illness through advice and information, support in the community and by campaigning and influencing public policy.

To fulfil this mission, we have set ourselves four key objectives, which are: -

- to provide the highest professional standards of independent, confidential advice and support in the community
- to provide directly, and support others to provide, locally-accessible community services throughout Scotland
- to work in partnership with the NHS to promote evidence-based, patient-centred care and support, and to encourage innovative service developments
- to involve patients and carers in the Charity's activities, and represent their interests to Government and other agencies

Our main charitable activities are: -

- communication support for people affected by stroke, particularly those with speech and language difficulties (aphasia)
- the CHSS Advice Line and patient information
- nursing and other support services in the community for people affected by stroke, heart failure and respiratory conditions (COPD)
- education and training activities, including training for patient involvement
- support for voluntary chest, heart and stroke groups
- personal support grants and welfare benefits advice
- campaigning to Government, the NHS and other agencies on health issues
- representational activities on behalf of patients and carers

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Strategic Report, the Trustees Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law and charity law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing these financial statements, the Trustees are required to: -

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment Scotland Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditor

It is the Trustees' assessment that there is no relevant audit information which the auditor has not been made aware of, and they have taken all necessary steps to ensure that the auditor has been made aware of all relevant audit information.

Systems of Control

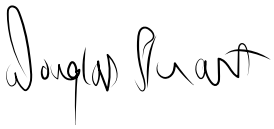
The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and to provide reasonable assurance that: -

- the Charity is operating efficiently and effectively;
- its assets are safeguarded against unauthorized use or disposition;
- proper records are maintained and financial information used within the Charity or for publication is reasonable;
- the Charity complies with relevant laws and regulations

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include: -

- a Strategic Plan and an annual Budget approved by the Trustees
- regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews
- delegation of authority and segregation of duties
- identification and management of risks

The Trustees' Report is approved by the Board and signed on its behalf by:

Name: 

Dr J Douglas Stuart, Director. Chair of Finance and Audit Committee, and ViceChair

Date: 31 August 2017

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT) for the year ended 31 March 2017

We have audited the financial statements of Chest Heart & Stroke Scotland for the year ended 31 March 2017 which comprise the consolidated statement of financial activities, charitable company statement of financial activities, consolidated and charity balance sheets and consolidated and charity statements of cash flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's Trustees and Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's Trustees and Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2017 and of the group's and parent charity's incoming resources and application of resources, including the income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Trustees' report and the strategic report have 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report and the strategic report.

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 parent 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 parent charitable company financial statements are not in agreement with the accounting records or returns; or

- certain disclosures of Trustee's remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Martin Gill (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh
United Kingdom

Date: 7 September 2017

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

	Note	Unrestricted funds	Restricted funds	Total 2017	Unrestricted funds	Restricted funds	Total 2016
		£	£	£	£	£	£
Income							
Voluntary income:							
Legacies		4,873,394	5,000	4,878,394	2,314,147	-	2,314,147
Donations and gifts		870,508	138,333	1,008,841	860,157	110,539	970,696
Retail donations	**3**	1,026,571	-	1,026,571	822,940	-	822,940
Fundraising events		717,193	2,479	719,672	716,472	2,131	718,603
		7,487,666	145,812	7,633,478	4,713,716	112,670	4,826,386
Income from trading activities:							
Retail sales		2,453,660	-	2,453,660	2,166,533	-	2,166,533
Investment income	**5**	159,916	-	159,916	169,495	-	169,495
Income from charitable activities:							
Grants receivable	**4**	-	1,327,625	1,327,625	-	1,420,209	1,420,209
Other income:							
Gain/ (Loss) on sale of fixed assets		12,150	-	12,150	(9,730)	-	(9,730)
Total income		10,113,392	1,473,437	11,586,829	7,040,014	1,532,879	8,572,893
Expenditure							
Costs of raising funds:							
Fundraising		1,193,698	6,749	1,200,447	967,113	6,749	973,862
Retail costs		3,187,178	-	3,187,178	3,003,152	-	3,003,152
		4,380,876	6,749	4,387,625	3,970,265	6,749	3,977,014
Expenditure on charitable activities:							
Services		2,884,739	1,437,197	4,321,936	2,751,917	1,542,252	4,294,169
Research grants		(5,339)	30,101	24,762	462,646	42,631	505,277
Welfare		259,695	-	259,695	286,554	10,000	296,554
Influencing public policy		176,004	-	176,004	168,953	-	168,953
		3,315,099	1,467,298	4,782,397	3,670,070	1,594,883	5,264,953
Total Expenditure	**6**	7,695,975	1,474,047	9,170,022	7,640,335	1,601,632	9,241,967
Other gains and (losses):							
Realised - gains on investments		39,100	-	39,100	54,242	-	54,242
Unrealised - gains/ (losses) on investments	**10**	491,168	-	491,168	(382,514)	-	(382,514)
Net income/ (expenditure) and net							
movement in funds for the year		2,947,685	(610)	2,947,075	(928,593)	(68,753)	(997,346)
Reconciliation of funds							
Total funds brought forward		4,466,843	294,590	4,761,433	5,395,436	363,343	5,758,779
Total funds carried forward	**16/17**	7,414,528	293,980	7,708,508	4,466,843	294,590	4,761,433
All amounts relate to continuing activities.							

		Unrestricted funds	Restricted funds	Total 2017	Unrestricted funds	Restricted funds	Total 2016
	Note	£	£	£	£	£	£
Income							
Voluntary income:							
Legacies		4,873,394	5,000	4,878,394	2,314,147	-	2,314,147
Donations and gifts		870,508	138,333	1,008,841	860,157	110,539	970,696
Retail donations		1,163,571	-	1,163,571	930,440	-	930,440
Fundraising events		717,193	2,479	719,672	716,472	2,131	718,603
		7,624,666	145,812	7,770,478	4,821,216	112,670	4,933,886
Income from trading activities:							
Retail sales		2,091,625	-	2,091,625	1,882,269	-	1,882,269
Investment income	**5**	159,778	-	159,778	169,343	-	169,343
Income from charitable activities:							
Grants receivable	**4**	-	1,327,625	1,327,625	-	1,420,209	1,420,209
Other income:							
Gain/ (Loss) on sale of fixed assets		12,150	-	12,150	(9,730)	-	(9,730)
Total income		9,888,219	1,473,437	11,361,656	6,863,098	1,532,879	8,395,977
Expenditure							
Costs of raising funds:							
Fundraising		1,193,698	6,749	1,200,447	967,113	6,749	973,862
Retail costs		2,988,927	-	2,988,927	2,856,591	-	2,856,591
		4,182,625	6,749	4,189,374	3,823,704	6,749	3,830,453
Expenditure on charitable activities:							
Services		2,884,739	1,437,197	4,321,936	2,751,917	1,542,252	4,294,169
Research grants		(5,339)	30,101	24,762	462,645	42,631	505,276
Welfare		259,695	-	259,695	286,554	10,000	296,554
Influencing public policy		176,004	-	176,004	168,953	-	168,953
		3,315,099	1,467,298	4,782,397	3,670,069	1,594,883	5,264,952
Total Expenditure	**6a**	7,497,724	1,474,047	8,971,771	7,493,773	1,601,632	9,095,405
Other gains and (losses):							
Realised - gains on investments		39,100	-	39,100	54,242	-	54,242
Unrealised - gains/ (losses) on investments	**10**	491,168	-	491,168	(382,514)	-	(382,514)
Net income/ (expenditure) and net							
movement in funds for the year		2,920,763	(610)	2,920,153	(958,947)	(68,753)	(1,027,700)
Reconciliation of funds							
Total funds brought forward		4,389,322	294,590	4,683,912	5,348,269	363,343	5,711,612
Total funds carried forward	**16/17**	7,310,085	293,980	7,604,065	4,389,322	294,590	4,683,912

CONSOLIDATED AND CHARITY BALANCE SHEETS
as at 31 March 2017

		Group		Charity	
		2017	2016	**2017**	2016
	Note	**£**	£	**£**	£
FIXED ASSETS					
Tangible assets	**8**	**798,362**	914,448	**798,362**	914,448
Investments	**10**	**4,959,009**	4,459,636	**5,158,909**	4,659,536
Total Fixed Assets		**5,757,371**	5,374,084	**5,957,271**	5,573,984
CURRENT ASSETS					
Stocks	**11**	**12,806**	6,356	**-**	-
Debtors	**12**	**1,863,635**	771,196	**1,910,681**	774,380
Cash at bank and in hand		**1,712,885**	809,787	**1,368,770**	529,518
Total Current Assets		**3,589,326**	1,587,339	**3,279,451**	1,303,898
CREDITORS : amounts falling due within one year					
Research grants	**13**	**458,959**	684,156	**458,959**	684,156
Other creditors	**14**	**777,964**	872,888	**772,432**	866,868
		1,236,923	1,557,044	**1,231,391**	1,551,024
NET CURRENT ASSETS (LIABILITIES)		**2,352,403**	30,295	**2,048,060**	(247,126)
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,109,774**	5,404,379	**8,005,331**	5,326,858
CREDITORS : amounts falling due after more than one year					
Research grants	**13**	**250,151**	422,502	**250,151**	422,502
Accruals and Deferred Income	**15**	**151,115**	220,444	**151,115**	220,444
NET ASSETS		**7,708,508**	4,761,433	**7,604,065**	4,683,912
THE FUNDS OF THE CHARITY:					
Restricted income funds	**16**	**293,980**	294,590	**293,980**	294,590
Unrestricted income funds	**17**	**7,414,528**	4,466,843	**7,310,085**	4,389,322
		7,708,508	4,761,433	**7,604,065**	4,683,912

The financial statements on pages 15 to 33 were approved and authorised for issue by the Board on 31 August 2017.

Dr J Douglas Stuart.....**Director**

CONSOLIDATED AND CHARITY STATEMENTS OF CASH FLOWS
for the year ended 31 March 2017

		Group		Charity	
		2017	2016	**2017**	2016
	Note	£	£	£	£
Net income (expenditure)		2,947,075	(997,346)	2,920,153	(1,027,700)
Loss/ (Profit) on sale of tangible fixed assets		(12,150)	9,730	(12,150)	9,730
Realised Loss/ (Profit) on sale of listed investments		(39,100)	(54,242)	(39,100)	(54,242)
Unrealised Loss/ (Profit) on listed investments		(491,168)	382,514	(491,168)	382,514
Investment income		(159,917)	(169,495)	(159,778)	(169,343)
Depreciation		163,553	166,861	163,553	166,861
(Increase) Decrease in stock		(6,450)	(3,166)	-	-
Decrease (Increase) in debtors		(1,092,440)	185,326	(1,136,302)	182,144
Decrease in creditors		(561,801)	(126)	(561,313)	(24,451)
Cash (used in)/ generated by operating activities		**747,602**	**(479,944)**	**683,895**	**(534,487)**
Cash flows from investing activities					
Dividend income	**5**	157,615	168,353	157,615	168,353
Interest income	**5**	2,302	1,142	2,163	990
Purchase of tangible fixed assets		(47,467)	(558,255)	(47,467)	(558,255)
Proceeds from sale of tangible fixed assets		12,150	6,900	12,150	6,900
Purchase of investments		(729,272)	(668,443)	(729,272)	(668,443)
Proceeds from sale of investments		689,725	1,250,838	689,725	1,250,838
Cash provided by/ (used in) investing activities		85,053	200,535	84,914	200,383
Increase/ (decrease) in cash and cash equivalents in the year		832,655	(279,409)	768,809	(334,104)
Total cash and cash equivalents at the beginning of the year		887,979	1,167,388	607,710	941,814
Total cash and cash equivalents at the end of the year		1,720,634	887,979	1,376,519	607,710
		Group		**Charity**	
Analysis of cash and cash equivalents		**2017**	2016	**2017**	2016
		£	**£**	**£**	**£**
Cash in hand		8,020	10,500	8,020	10,500
Notice Deposits (less than 3 months)		1,704,865	799,287	1,360,750	519,018
Cash held within investments		7,749	78,192	7,749	78,192
Total cash and cash equivalents		**1,720,634**	**887,979**	**1,376,519**	**607,710**

1 ACCOUNTING POLICIES

General information

Chest Heart & Stroke Scotland is a charity limited by guarantee incorporated in Scotland with Company Number SC129114. The address of the registered office is given on the legal and administration information on page 2 and the nature of the charity's operations and its principal activities are set out in the Report of the Trustees.

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

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS 102), the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Chest Heart & Stroke Scotland meets the definition of a public benefit entity under FRS 102.

The charity's functional and presentational currency is GBP. No level of rounding has been applied to these financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment assets. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in applying the charity's accounting policies,as shown in note 1a on page 28

Going concern

The Directors have reviewed the Charity's financial position and have concluded that there are sufficient resources to manage any operational or financial risks, so it is reasonable to expect that the Charity will continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

Basis of consolidation

Consolidated financial statements have been prepared in respect of the charitable company ('the charity') and its wholly owned subsidiary undertaking, CHSA Trading Limited. The results of the subsidiary are consolidated on a line by line basis. A summary of the trading results of the subsidiary is included at note 3 to the financial statements.

Voluntary income and legacies

Voluntary income received by way of donations and gifts to the charity are included in full in the Statement of Financial Activities when received. Gifts donated for resale are included as income when they are sold.

A legacy is regarded as receivable if it is clear that at the accounting date the administrators of the estate had resolved to make payment. Legacies are included when they meet the Charities SORP (FRS 102) tests of probability, entitlement and measurement.

Grants receivable

Grants receivable are recognised as incoming resources when the conditions for their receipt have been satisfied. Grants received for specific purposes are accounted for as restricted funds. Any grants restricted to future accounting periods are deferred, and recognised in the periods to which they relate.

Dividends

Dividends are accounted for on an accruals basis.

Redundancy and termination of employment

Termination and redundancy costs are accrued by the Charity when there is a constructive obligation to pay them.This is normally through a contractual, legislative or other agreement with employees.

Expenditure

Expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts. Costs of raising funds include the costs incurred in generating voluntary income, retail trading costs, fundraising event costs, investment management costs and publicity costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities. Charitable activities expenditure enables CHSS to meet its charitable aims and objectives. Governance costs are associated with the governance arrangements of the charity , and relate to the general running of the charity at a strategic level. These costs include preparation of the annual report, audit, professional fees including legal advice for the Trustees and costs associated with meeting constitutional and statutory requirements such as the cost of Trustee meetings. Support costs are those costs which enable fund generating and charitable activities to be undertaken.

These costs include finance, personnel, IT and PR. Where expenditure incurred relates to more than one cost category, it is apportioned. The method of apportionment uses the most appropriate basis in each case e.g. full time equivalent employee numbers for each department.

In prior years, expenditure on Community Services and Advice and Support charitable activities was shown in the statement of financial activities under separate headings. This reflected the departmental structure in place at that time. Under a restructuring in the current year, these two departments were combined into one Services Department. Accordingly, the statement of financial activities for the current year shows one line only. The prior year figures for Community Services and Advice and Support have been combined.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. Land is not depreciated.

Depreciation is provided at the following rates:

Buildings	2% straight line
Office equipment and computers	33.33% straight line
Motor vehicles	25% straight line
Lease hold improvements	Over the remaining period of the lease

No items costing less than £1,000 are capitalised.

Pension costs

The group operates a defined contribution scheme for certain employees. The assets of the scheme are held separately from those of the group. A charge is made to resources expended in the period in which contributions become payable.

Research grants payable

Research grants are charged to the consolidated financial statements in the year in which the award is made by the charity. The unspent balances of grants awarded are disclosed as current or deferred liabilities in the balance sheet, depending upon when the grant is expected to be disbursed.

Leasing contracts

Instalments on operating lease contracts are charged to the consolidated financial statements when payable. There are no finance lease contracts.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Investments

Investments are stated at the bid market ruling at the balance sheet date. Realised and unrealised gains and losses are reflected in the Statement of Financial Activities, and taken to unrestriced funds. The charity avoids investments in tobacco companies.

Restricted funds

Restricted funds are to be used for specified purposes as laid down, implicitly or explicitly, by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overhead and support costs.

Financial instruments

Under FRS 102, financial assets and financial liablities are given the term 'financial instruments'. The Charity only holds basic financial instruments and details are given in note 21 to these financial statements.

Unrestricted funds

Unrestricted funds comprise donations and other incoming resources received or generated for charitable purposes.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on deposit where funds can be accessed without penalty within three months or less from the opening of the account and cash held with the investment manager.

1a. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible assets.
- Determine whether legacy income recognised in the financial statements meets the requirements of charity SORP FRS 102 on the basis of evidence of entitlement, probability of receipt and reliability of measurement.
- Determine whether or not it is impractical to measure donated goods for sale at Fair Value on receipt.

Other key sources of estimation uncertainty are as follows:

- Tangible Fixed Assets (see Note 8)
- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where applicable.

2 STATUS OF THE COMPANY

Chest Heart & Stroke Scotland is a registered charity (no. SCO18761) and a company limited by guarantee of its members (no. SC129114), and does not have share capital. Each member has undertaken to contribute one pound towards any deficit arising in the event of the company being wound up.

3 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The charity has a wholly owned trading subsidiary, CHSA Trading Limited, which is incorporated in the UK (Company No. SC113325). The company sells cards and gifts and acts as an agent for gift aid on the goods donated to our charity shops. A summary of its trading results is shown below.

Profit and Loss Account					
	2017	2016			
	£	£			
Turnover	**1,076,157**	901,711			
Cost of sales	**(828,212)**	(712,345)			
Gross profit	**247,945**	189,366			
Distribution costs	**(43,260)**	(34,527)			
Administrative expenses	**(40,766)**	(16,960)			
Interest income	**139**	152			
Corporation Tax	**12**	(171)			
Net profit retained	**164,070**	137,860			
Distribution to Chest Heart & Stroke Scotland	**163,650**	137,000			
Assets, liabilities and funds:					
Assets	**356,922**	286,625			
Liabilities	**(216,252)**	(146,375)			
Total funds	140,670	140,250			

Audited financial statements of the subsidiary have been filed with the Registrar of Companies.

By acting as an agent for the charity shops gift aid, the Trading company has enabled the charity to turn £784,575 (2016: £614,570) of clothes sales into gift aided donations. As a result, the charity has been able to claim £211,812 (2016: £183,041) of gift aid.

Both the gift aid and the gift aided sales are classified as donations rather than retail. Retail donations also includes £30,184 (2016: £25,329) directly handed into our shops.

The Trading company charged the charity a management fee of £706,122 (2016: £609,447) for fundraising activities. The cost of sales increased by the same amount as the Trading company is charged with a share of the shop costs based on the proportion of gift aid sales to total sales.

4 GRANTS RECEIVABLE

Group and Charity	Deferred Income 2016	Amount Received 2017	Deferred Income 2017	Incoming Resources 2017	Incoming Resources 2016
	£	£	£	£	£
Grants receivable from Health Boards, NHS Trusts and Local Authorities	**122,029**	**1,130,153**	**(91,213)**	**1,160,969**	1,084,810
Scottish Government	**-**	**-**	**-**	**-**	66,667
Scottish Executive Health Directorate	**147,247**	**19,409**	**-**	**166,656**	268,732
	269,276	**1,149,562**	**(91,213)**	**1,327,625**	1,420,209

5 INVESTMENT INCOME

		Group 2017	2016	Charity 2017	2016
		£	£	£	£
Income from Quoted Securities		**184,034**	195,598	**184,034**	195,598
Less: Investment Management Fees		**(26,420)**	(27,245)	**(26,420)**	(27,245)
		157,614	168,353	**157,614**	168,353
Bank interest		**2,302**	1,142	**2,164**	990
		159,916	169,495	**159,778**	169,343

6 ANALYSIS OF TOTAL EXPENDITURE - GROUP

	Staff costs	Other costs	Support costs	Total 2017	Total 2016
	£	£	£	£	£
Costs of generating funds					
Fundraising	614,219	359,716	226,512	**1,200,447**	973,862
Retail costs	1,448,560	1,295,348	443,270	**3,187,178**	3,003,152
	2,062,779	1,655,064	669,782	**4,387,625**	3,977,014
Direct charitable expenditure					
Services	3,008,181	550,417	763,338	**4,321,936**	4,294,169
Research grants	55,758	(36,644)	5,648	**24,762**	505,277
Welfare	14,831	243,364	1,500	**259,695**	296,554
Influencing public policy	100,348	29,358	46,298	**176,004**	168,953
	3,179,118	786,495	816,784	**4,782,397**	5,264,953
Total resources expended	5,241,897	2,441,559	1,486,566	**9,170,022**	9,241,967

Support costs by activity					
	Staff costs	**Other costs**	**Overhead costs**	**Total 2017**	**Total 2016**
	£	**£**	**£**	**£**	**£**
Costs of generating funds					
Fundraising	69,295	18,543	138,674	**226,512**	143,381
Retail costs	246,272	38,340	158,658	**443,270**	441,735
	315,567	56,883	297,332	**669,782**	585,116
Direct charitable expenditure					
Services	324,179	40,577	398,582	**763,338**	690,665
Research grants	3,164	282	2,202	**5,648**	28,503
Welfare	841	76	583	**1,500**	3,828
Influencing public policy	23,833	2,127	20,338	**46,298**	(17,056)
	352,017	43,062	421,705	**816,784**	705,940
Total resources expended	667,584	99,945	719,037	1,486,566	1,291,056

Support costs are allocated to charitable expenditure based on full time employee equivalents for finance, IT, HR and administation and by time spent for PR. Under Support costs by activity above, within the Overhead costs of £719,037 are governance costs of £12,951 (2016: £11,391).
In addition, included in Other costs above of £99,945, are governance costs of £5,038 (2016: £17,752).
Under Retail costs - Other costs of £1,295,348 above, are further governance costs of £4,585 (2016: £5,735)

Governance costs are made up as follows:

	2017	2016
	£	£
Annual report/Strategic plan	**3,336**	16,404
Trustees expenses	**1,895**	1,454
Audit	**13,268**	14,103
Trustees meetings	**2,329**	27
Professional Fees	**1,746**	2,890
	22,574	34,878

Welfare grants

Welfare grants are awarded by a separate committee for applications made on behalf of individuals affected by chest, heart and stroke illnesses. The total of such grants made were £184,340 (2016: £171,926). In addition, funding is also given to two Citizen Advice offices in Scotland to provide advice to individuals affected by chest, heart and stroke illnesses in seeking government benefits applicable to their situation. The amounts paid to these organsiations were as follows:

	Total	Total
	2017	2016
	£	£
Fife CAB	**10,873**	40,000
Lanarkshire CAB	**46,385**	45,686
	57,258	85,686

6a ANALYSIS OF TOTAL EXPENDITURE - CHARITY ONLY					
	Staff costs	**Other costs**	**Support costs**	**Total 2017**	**Total 2016**
	£	**£**	**£**	**£**	**£**
Costs of generating funds					
Fundraising	614,219	359,716	226,512	**1,200,447**	973,862
Retail costs	1,405,300	1,140,357	443,270	**2,988,927**	2,856,591
	2,019,519	1,500,073	669,782	**4,189,374**	3,830,453
Direct charitable expenditure					
Services	3,008,181	550,417	763,338	**4,321,936**	4,294,169
Research grants	55,758	(36,644)	5,648	**24,762**	505,276
Welfare	14,831	243,364	1,500	**259,695**	296,554
Influencing public policy	100,348	29,358	46,298	**176,004**	168,953
	3,179,118	786,495	816,784	**4,782,397**	5,264,952
Total resources expended	5,198,637	2,286,568	1,486,566	**8,971,771**	9,095,405
Support costs by activity					
				Total	Total
	Staff costs	Other costs	Overhead costs	**2017**	2016
	£	£	£	**£**	£
Costs of generating funds					
Fundraising	69,295	18,543	138,674	**226,512**	143,381
Retail costs	246,272	38,340	158,658	**443,270**	441,735
	315,567	56,883	297,332	**669,782**	585,116
Direct charitable expenditure					
Services	324,179	40,577	398,582	**763,338**	690,665
Research grants	3,164	282	2,202	**5,648**	28,503
Welfare	841	76	583	**1,500**	3,828
Influencing public policy	23,833	2,127	20,338	**46,298**	(17,056)
	352,017	43,062	421,705	**816,784**	705,940
Total resources expended	667,584	99,945	719,037	**1,486,566**	1,291,056

Support costs are allocated to charitable expenditure based on full time employee equivalents for finance, IT, HR and administation and by time spent for PR. Under Support costs by activity above, within the Overhead costs of £719,037 are governance costs of £12,951 (2016: £11,391). In addition, included in Other costs above of £99,945, are governance costs of £5,038 (£17,752).

Governance costs are made up as follows:	**2017**	2016
	£	£
Annual report/Strategic plan	**3,336**	16,404
Trustees expenses	**1,895**	1,454
Audit	**8,648**	8,545
Trustees meetings	**2,329**	27
Professional Fees	**1,781**	2,713
	17,989	29,143

Welfare grants

Welfare grants are awarded by a separate committee for applications made on behalf of individuals affected by chest, heart and stroke illnesses. The total of such grants made were £184,340 (2016: £171,926). In addition, funding is also given to two Citizen Advice offices in Scotland to provide advice to individuals affected by chest, heart and stroke illnesses in seeking government benefits applicable to their situation. The amounts paid to these organisations were as follows:

	Total	Total
	2017	2016
	£	£
Fife CAB	**10,873**	40,000
Lanarkshire CAB	**46,385**	45,686
	57,258	85,686

7 ANALYSIS OF TOTAL EXPENDITURE

Staff costs		**Total**	Total
		2017	2016
		£	£
	Wages and salaries	**4,989,947**	4,818,756
	Social security costs	**423,051**	398,337
	Pension costs	**305,539**	296,748
	Redundancy and Termination payments	**190,945**	7,230
		5,909,482	5,521,071
The average number of full-time equivalent employees during the year, analysed by function, was:		**2017**	2016
		No	No
	Charitable activities	**87**	89
	Retail	**65**	57
	Fundraising and Influencing public policy	**24**	22
	Management and administration of the charity	**18**	17
		194	185

Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands:	2017	2016
	No.	No.
Between £60,001 - £70,000	4	4
Between £70,001 - £80,000	-	-
Between £80,001 - £90,000	-	1
Between £90,001 - £100,000	1	-

The employees earning more than £60,000 above participated in the defined contribution pension scheme and employer contributions in the year were £29,082 (2016: £28,497).

The key management personnel of the parent charity comprise the Trustees, the Chief Executive, Director of Corporate Services, Director of Services, Director of Fundraising, Director of Retail and the Director of Strategy & Communications. The total employee benefits of the key management personnel of the Charity were £474,191 (2016: £456,765).

The key management personnel of the group comprise those of the Charity and the key personnel of its wholly owned subsidiary, CHSA Trading Ltd. CHSA Trading Ltd does not have any employees and so the key management personnel of this subsidiary company are the Board members of this subsidiary company and the Director of Retail (who is an employee of the parent charity).

Accordingly, the total employee benefits of key management personnel for the group was therefore £474,191 (2016: £456,765)

No Trustee received any remuneration from the charity, but a total of £665 (2016: £489) was reimbursed to 4 (2016: 4) Trustees for expenses incurred on behalf of the charity.

Since 1992 the charity has purchased insurance to protect it from any loss arising from the neglect or default of its Trustees or other officers and to indemnify the Trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year was £2,157 (2016: £1,717) and provides cover up to a maximum of £2 million in any one year.

Total Expenditure also includes:	**2017**	2016
	£	£
Depreciation: owned fixed assets	**163,553**	166,861
Operating leases	**623,858**	549,937
Auditors' remuneration (including fees and expenses)	**12,022**	10,115
Auditors' remuneration (in respect of other services provided)	**1,295**	2,635

8 TANGIBLE FIXED ASSETS

Group & Charity					
	Freehold Land & Buildings	Office Equipment & Computers	Retail Improvements	Motor Vehicles	Total
	£	£		£	£
Cost					
At 1 April 2016	125,707	78,779	965,388	218,304	1,388,178
Additions	-	17,067	30,400	0	47,467
Disposals	-	-	-	(39,942)	(39,942)
At 31 March 2017	**125,707**	**95,846**	**995,788**	**178,362**	**1,395,703**
Depreciation					
At 1 April 2016	67,157	36,500	210,111	159,962	473,730
Charge for the year	2,514	19,782	113,619	27,638	163,553
Disposals	-	-	-	(39,942)	(39,942)
At 31 March 2017	**69,671**	**56,282**	**323,730**	**147,658**	**597,341**
Net book value					
At 31 March 2017	56,036	39,564	672,058	30,704	798,362
At 31 March 2016	**58,550**	**42,279**	**755,277**	**58,342**	**914,448**

Included within Retail Improvements are assets under the course of construction amounting to £Nil (2016: £46,617) which are not depreciated until brought into operational use.

9 TAXATION

The company, being a charity, is eligible for exemption from tax under Section 505 Income and Corporation Taxes Act 1988.

The charity's trading subsidiary, CHSA Trading Limited gift aids an amount equal to its taxable profit to the Charity each year therefore no tax liability arises. For the year ended 31 March 2017, the amount of gift aid is £163,650 (2016: £137,000).

10 INVESTMENTS

a) Quoted Investments			2017	2016
			£	£
Market value at 31 March 2016			4,381,444	5,292,113
Less : Disposals at opening book value			(650,624)	(1,196,598)
Add: Acquisitions at cost			729,272	668,443
Net unrealised investment gain/ (loss) for the year			491,168	(382,514)
Market value at 31 March 2017			4,951,260	4,381,444
Cash deposits held for investment			7,749	78,192
			4,959,009	4,459,636
Historical cost at 31 March 2017			4,330,093	4,288,503
The portfolio is split as follows:	2017		2016	
	£	%	£	%
UK Equity based investments	4,241,624	85.5	3,704,817	83.1
UK Fixed Interest based investments	709,636	14.2	676,627	15.1
Short term deposits	7,749	0.2	78,192	1.8
	4,959,009	100.0	4,459,636	100.0
As at 31 March 2017, the following individual holdings represented over 5% of total market value (31 March 2016 : None):				
		Market Value		
		at 31 March 2017		
		£	%	
Findlay Park FDS American - 4630 shares		344,052	6.94%	
J P Morgan AM UK Ltd US Equity Income - 117500 shares		344,745	6.95%	
b) Investment in subsidiary undertaking				
				£
Cost at 1 April 2016				199,900
Additions in year				-
Cost at 31 March 2017				199,900
Provision at 1 April 2016				-
Write back in year				-
Provision at 31 March 2017				-
Net book value at 31 March 2017				199,900
Net book value at 31 March 2016				199,900
Details of the subsidiary undertaking, which is registered in Scotland, at the balance sheet date are as follows:				
			Class of	Holding
Name of company and business			Shares	%
CHSA Trading Limited (company no. SC113325) Sales of cards and gifts, and gift aid commission				
			Ordinary	100

11 STOCKS

	Group		Charity	
	2017	2016	**2017**	2016
	£	£	**£**	£
Goods held for resale	**12,806**	6,356	**-**	-
The amount of inventory recognised as an expense in the year amounted to £121,017 (2016: £93,102)				

12 DEBTORS

	Group		Charity	
	2017	2016	**2017**	2016
	£	£	**£**	£
Other debtors	**45,462**	200,405	**92,508**	203,589
Legacies receivable	**1,464,605**	312,603	**1,464,605**	312,603
Prepayments and accrued income	**353,568**	258,188	**353,568**	258,188
	1,863,635	771,196	**1,910,681**	774,380

13 RESEARCH GRANTS

	Chest	Heart	Stroke	Other projects	Total
	£	**£**	**£**	**£**	**£**
At 1 April 2016	75,373	482,316	417,928	131,041	1,106,658
Grants written back during the year	(25,640)	(1,613)	(38,052)	-	(65,305)
Grants paid during the year	(49,191)	(163,392)	(80,924)	(64,894)	(358,401)
	542	317,311	298,952	66,147	682,952
Grants awarded during the year	-	-	26,158	-	26,158
At 31 March 2017	**542**	**317,311**	**325,110**	**66,147**	**709,110**

Research grants were awarded to the following institutions during the year:

	£
University of Glasgow	15,000
University of Aberdeen	-
University of Edinburgh	-
Royal Infirmary of Edinburgh	-
Queen Margaret University Hospital	11,158
University of Edinburgh	-
	26,158

Details of research awards made each year are published by the Charity. A copy of "Research Awards 2016" is obtainable from the Strategy & Communications Department, Chest, Heart & Stroke Scotland, Third Floor, Rosebery House, 9 Haymarket Terrace, Edinburgh, EH12 5EZ.

	Group		**Charity**	
	2017	2016	**2017**	2016
	£	£	**£**	£
Research grants falling due within one year	**458,959**	684,156	**458,959**	684,156
Research grants falling due after more than one year	**250,151**	422,502	**250,151**	422,502
	709,110	1,106,658	**709,110**	1,106,658

14 OTHER CREDITORS falling due within one year

			Group		**Charity**	
			2017	2016	**2017**	2016
			£	£	**£**	£
Trade creditors			**156,556**	211,934	**155,901**	210,014
Due to subsidiary undertaking			**-**	-	**-**	-
Tax and social security costs			**103,458**	101,804	**103,458**	101,804
Other creditors			**47,750**	250	**47,750**	250
Deferred income - see note 15			**222,519**	313,859	**222,519**	313,859
Accruals			**247,681**	245,041	**242,804**	240,941
			777,964	872,888	**772,432**	866,868

15 DEFERRED INCOME

	Group		Charity	
	2017	2016	**2017**	2016
	£	£	**£**	£
Deferred income at 1 April 2016	**534,303**	596,316	**534,303**	596,316
Released during the year	**(317,872)**	(404,152)	**(317,872)**	(404,152)
Income deferred in year	**157,203**	342,139	**157,203**	342,139
Deferred income at 31 March 2017	**373,634**	534,303	**373,634**	534,303
Deferred Income within 1 Year - see note 14	**222,519**	313,859	**222,519**	313,859
Accruals and Deferred Income greater than 1 Year	**151,115**	220,444	**151,115**	220,444
Total Deferred Income	**373,634**	534,303	**373,634**	534,303

Income is deferred when the charity receives grants or donations for which the conditions of recognition have not yet been met.

16 RESTRICTED FUNDS (Group and Charity)

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:

	Movement in Funds:			
	Balance		**Expenditure,**	**Balance**
	31 March	**Incoming**	**Gains, Losses**	**31 March**
	2016	**Resources**	**& Transfers**	**2017**
	£	**£**	**£**	**£**
Community services	-	488,763	(488,763)	**-**
Fundraising	13,498	-	(6,749)	**6,749**
Welfare Personal Support Grants	-	-	-	**-**
Volunteer Development	-	6,500	(1,225)	**5,275**
Research grants	-	30,101	(30,101)	**-**
Advice and Support	281,092	948,073	(947,209)	**281,956**
	294,590	1,473,437	(1,474,047)	**293,980**

17 UNRESTRICTED FUNDS

	Movement in Funds:				
	Balance 31 March 2016	**Incoming Resources**	**Expenditure, Gains & Losses**	**Transfers**	**Balance 31 March 2017**
	£	£	£	£	£
Group	4,466,843	10,113,392	(7,165,707)	-	**7,414,528**
Charity	4,389,322	9,888,219	(6,967,456)	-	**7,310,085**

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets	**Investments**	**Net Current assets / (liabilities)**	**Creditors : amounts falling due after more than one year**	**Total**
	£	£	£	£	£
Group - 31 March 2017					
Restricted funds	6,749	-	287,231	-	**293,980**
Unrestricted funds	791,613	4,959,009	2,065,172	(401,266)	**7,414,528**
	798,362	4,959,009	2,352,403	(401,266)	**7,708,508**
	£	£	£	£	£
Group - 31 March 2016					
Restricted funds	13,498	-	281,092	-	**294,590**
Unrestricted funds	900,950	4,459,636	(250,797)	(642,946)	**4,466,843**
	914,448	4,459,636	30,295	(642,946)	**4,761,433**
	Tangible Fixed Assets	**Investments**	**Net Current assets/ (liabilities)**	**Creditors : amounts falling due after more than one year**	**Total**
	£	£	£	£	£
Charity - 31 March 2017					
Restricted funds	6,749	-	287,231	-	**293,980**
Unrestricted funds	791,613	5,158,909	1,760,829	(401,266)	**7,310,085**
	798,362	5,158,909	2,048,060	(401,266)	**7,604,065**
	£	£	£	£	£
Charity - 31 March 2016					
Restricted funds	13,498	-	281,092	-	**294,590**
Unrestricted funds	900,950	4,659,536	(528,218)	(642,946)	**4,389,322**
	914,448	4,659,536	(247,126)	(642,946)	**4,683,912**

19 FINANCIAL COMMITMENTS

The charity has entered into operating leases which have the following minimum commitments:

	2017	2016
	£	£
Land and buildings	**1,510,537**	1,803,236
Plant and machinery	**132,052**	150,026
Motor vehicles	**25,558**	27,450
	1,668,147	1,980,712
The above commitments are payable as follows:	**2016**	2015
	£	£
Not later than one year	**660,422**	639,381
Later than one year and not later than five years	**1,007,725**	1,338,374
Later than five years	**-**	2,957
	1,668,147	1,980,712

20 RELATED PARTY TRANSACTIONS

During the year research grants of £Nil (2016: £Nil) were awarded to institutions/research teams in which some of the directors of Chest Heart and Stroke Scotland are employed.
The amount outstanding to such institutions at the year end was £Nil (2016: £28,249). During the year, a payment of £13,109 was made relating to this and the remaining balance of £15,140 was written off.
There are no further related party transactions other than noted in Note 7 for Directors' reimbursement of expenses.

21 FINANCIAL INSTRUMENTS

	Group		**Charity**	
	2017	2016	**2017**	2016
	£	£	**£**	£
Financial assets:				
Financial assets held at fair value	**4,951,260**	4,381,444	**4,951,260**	4,381,444
Financial assets measured at amortised cost	**3,348,076**	1,520,463	**3,051,007**	1,243,378
	8,299,336	5,901,907	**8,002,267**	5,624,822
Financial liabilities:				
Financial liabilities measured at amortised cost	**451,987**	457,225	**446,455**	451,205

Financial assets measured at fair value are listed investments. Financial assets measured at amortised cost include cash at bank, other debtors and accrued income. Financial liabilities measured at amortised cost include Trade creditors and accruals.

Chest
Heart &
Stroke
Scotland

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