

CHEST HEART & STROKE SCOTLAND LTD
(A company limited by guarantee)

**TRUSTEES' REPORT AND
FINANCIAL STATEMENTS**
31 March 2019

Scottish Charity Number: SC018761
Company Registration Number : SC129114

CHEST HEART & STROKE SCOTLAND LTD
(A company limited by guarantee)

CONTENTS

31 March 2019

	Page
Legal and Administrative Information	1 - 2
Strategic Report	7 - 8
Report of the Trustees	9 - 12
Independent Auditor's Report	13 - 15
Consolidated Statement of Financial Activities	16
Charitable Company Statement of Financial Activities	17
Consolidated and Charity Balance Sheets	18
Consolidated and Charity Statements of Cash Flows	19
Notes to the Consolidated Financial Statements	20 - 32

CHEST HEART & STROKE SCOTLAND LTD
(A company limited by guarantee)
LEGAL AND ADMINISTRATIVE INFORMATION

31 March 2019

DIRECTORS

Mr J James Gibson	(Chair from 26 July 2018)
Dr Roger G Smith	(Chair to 26 July 2018)
Theresa Douglas	(Vice Chair from 29 November 2018)
Dr J Douglas Stuart	(Co-Vice Chair to 29 November 2018)
Mrs Hazel W Robertson	(Co-Vice Chair to 29 November 2018)
Dr Gill Alexander	
Dr Alan Begg	
Dr Charlie Chung	(to 22 May 2019)
Prof Martin Dennis	(to 31 May 2018)
Aileen Easton	(to 28 March 2019)
Prof Gerry Fowkes	
Prof Simon Harris	
Prof Gordon Lowe	(to 29 November 2018)
Mrs Barbara Mitchelmore	
Mr Andrew Morris	(from 28 March 2019)
Mr Neil Pirie *	
Janet Reid	(to 28 March 2019)
Prof Allan Struthers	(to 4 October 2018)
Mr Kenneth Walmsley *	
Dr Keith Weston	(to 29 November 2018)
Mr John Wilson	(to 25 July 2019)

* Also Directors of CHSA Trading Limited

SECRETARY

Ms Jane-Claire Judson

**REGISTERED OFFICE
AND PRINCIPAL
ADDRESS**

Third Floor
 Rosebery House
 9 Haymarket Terrace
 Edinburgh
 EH12 5EZ

CHEST HEART & STROKE SCOTLAND LTD
(A company limited by guarantee)
LEGAL AND ADMINISTRATIVE INFORMATION (continued)

31 March 2019

**INDEPENDENT
AUDITOR**

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

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

Addleshaw Goddard
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

The Trustees, who are also directors of the Charity for the purposes of Company Law, submit their annual report and the audited financial statements for the year ended 31 March 2019. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice Applicable to Charities as amended by Update Bulletin 1; the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Companies Act 2006 in preparing the annual report and financial statements of the Charity and Group.

Achievements, performance and future plans

Chest, heart and stroke conditions affect 1 in 5 of Scotland's population.

Everyone has the right to live life to the full. After a diagnosis of a chest or heart condition or a stroke, many people experience fear and isolation and struggle with the impact on their lives. Chest Heart & Stroke Scotland won't stand for that. The care and support we deliver every day ensures everyone can live the life they want to.

The No Life Half Lived strategy was launched in May 2018. The Strategy sets out ambitious goals for the charity including:

- To double the number of people we reach and focus 60% of our work on supporting people living with our conditions
- To develop multi-condition services
- To double income generation through developing our mix of income streams
- To expand our retail presence and build community engagement in the communities where we operate
- To ensure that all our activities are people-driven
- To double the number of volunteers who work with us
- To transform public understanding of the needs of those people living with our conditions

Since the launch of the new strategy, the profile of the charity has grown externally and we have embarked upon a programme of change at all levels of the organisation.

Communications

Our media and social media coverage have increased in quantity and quality. Over the year we have secured a total of 2,938 pieces of national and local press coverage with a combined readership reach of 70 million, achieving over £3 million worth of equivalent advertising (AVE). We have seen a 73% increase in average reach per post on Facebook compared with 2017/18.

We launched CHSS's first ever online campaign petition on Thrombectomy and strengthened our public affairs and parliamentary reach. Our *Bring Back Thrombectomy* petition has been signed by over 4,000 people and has helped secure a commitment from the Health Secretary to develop a national service offering the life-changing operation for stroke patients. Using our new digital campaigning platform we also campaigned for Scottish Government to introduce a universal Right to Pulmonary Rehab to help people with chest conditions like COPD breathe better.

We also developed and delivered the charity's most in-depth report into the lived-experience of people living with our conditions – based on a survey of over 1,100 people. The One in Five report has established our policy platform in focusing on delivering a "Right to Rehab" for everyone with our conditions. The report, launched at our Parliamentary Reception, was well received by MSPs and sets out our policy and campaign focus for the years ahead.

Much of our work this year has also been focused on working with those we support to tell their inspirational stories; stories of courage and determination to fightback and live life to the full. This work will continue as we work with fundraising colleagues to roll-out our new fundraising proposition – "more than surviving".

The Health Information service is now part of the Communications Directorate. A total of 149,016 pieces of health information were shared with people affected by our conditions this year – a 17% increase on 2017/18.

Retail and Trading

This year has marked another successful year for our Retail and Trading team generating a combined gross income of £5.107 million – a 34.9% increase on gross income last year (£3.787 million).

The retail chain continues to grow with six new shops opened in Bruntfield, Johnstone, Fort, Lanark, Auchterarder and Carlisle along with Community Hub in Drumchapel and one in Wishaw.

It has been the best year to date for cards and gifts sales. The Everyday cards range has generated £250,226 income – an 80% increase on last year. Gifts has generated £88,366 income compared to £49,568 last year – a 78% increase.

Expansion into Community Hubs, where we are offering services as well as a retail offering to meet community needs, has evolved through 2018 and we are developing a much clearer focus on the objectives for this type of model. This year 4,670 people used our Community Hubs.

Fundraising

We are hugely grateful for the generosity of our amazing donors. In 2018/19 they raised a total of £1.064 million to help people with chest, heart and stroke conditions do more than survive. Without their support we could not help people to live life to the full.

Legacies remain the central part of our fundraising income raising £2.840 million for the cause – over £300,000 ahead of target.

Encouraging events participation has been challenging and we are beginning to re-focus and diversify our events portfolio. In 2018/19 we hosted our first St Andrews Ball. 220 guests joined us at the Hub on Edinburgh's Royal Mile for a fantastic dinner and night of ceilidh dancing to raise over £30,000 (gross). We have plans to make next year's event bigger and better. The Beast Races in Banchory and Inverness have gone from strength to strength.

We delivered a hugely successful fundraising campaign in Tayside to continue and grow a rehabilitation support service pilot in the region. The Tayside Appeal raised £30,000 in under 30 days. The campaign also received significant press coverage.

Our partnership with the Rangers Charity Foundation has been incredibly positive. Through the partnership we have helped stroke survivors return to the stadium to watch their team. Working together, we supported stroke survivor John Sangster to get back to watch Rangers for the first time since his stroke – and achieved a childhood dream of walking out onto the pitch. The partnership – which finishes at the end of the 2019/20 football season, will generate a total of £20,000.

Two further partnerships were agreed with DM Hall and Capital Vending. Technip FMC also extended their Charity of the Year partnership with us for a second year.

We would also like to thank the Trusts who have supported the effort to rebuild lives this year including Lockwell Trustee Ltd, McMillan's Trust, Mitchell Charitable Trust and Northwood Charitable Trust.

Services

The services funded by our supporters make the difference between someone surviving their condition and really living. They help people get back to doing what matters to them, whether it is being able to walk their daughter down the aisle, cook for their family or get to the shops.

Last year our Stroke Nurses supported 6,412 stroke survivors and carers to rebuild their lives following a stroke.

Services (continued)

Our Rehabilitation Support services range from one to one help to get people back home from hospital through to communications support for people who struggle to speak following their stroke (Aphasia). 1,033 people were helped by our Rehabilitation Support services in 2018/19.

Teams have been developing innovative ways of supporting people's recovery and helping reduce pressures on NHS services.

In NHS Greater Glasgow and Clyde, we piloted the Intensive Comprehensive Aphasia Programme (ICAP) methodology. Chest Heart and Stroke Scotland's Rehabilitation Support staff and volunteers are helping people with communication difficulties (Aphasia) practice what they learn from their intensive communication therapy with Speech and Language Therapists. Results have been very encouraging showing an increase in communication capacity for those who took part in the pilot. Further testing is planned for 2019/20.

In Highland we are helping people who experience an exacerbation of their COPD (chronic obstructive pulmonary disease) manage the condition. Once discharged from hospital, people are offered talking therapy with nurses through Chest Heart and Stroke Scotland's Advice Line. The aim is to reduce the person's anxiety and empower them to manage the condition which then reduces the likelihood of a hospital admission. Early indications have shown a positive impact on the number of readmissions to hospital. Full analysis of the approach will be taking place in 2019/20.

Corporate Services

In Corporate Services, activity in HR has been high through the year and a number of projects have been progressed, notably the Job Evaluation project, which is due to complete in 2019/20. Work to adopt our values has been slower than anticipated, but plans to embed our values in 2019/20 are underway. The staff satisfaction survey in June 2018 improved from the previous survey carried out in 2017.

Our volunteers are at the heart of our charity. Without them our shops wouldn't function and people with our conditions would miss out on vital support. We remain one of Scotland's largest volunteering charities with 1,733 people generously giving their time to make our ambition that no life is half lived becomes a reality.

Our objective to double volunteers led to the creation of three volunteer recruitment roles at the end of 2018/19. We also carried out a review of our Peer Support Groups, which will be implemented in 2019/20.

We brought forward into 2018/19 our investment in Health Defence and will be rolling out this programme through 2019/20. The Health Defence programme will begin by working with areas affected by health inequalities and offer free support and information to people to help improve their lifestyles and health.

Operations and Innovation

The Operations and Innovation team is helping us to introduce systems to plan our operations and monitor our performance more effectively, with a major theme of improving cross-organisational working.

In 2018/19, the Research Committee awarded grants of £175,246 (see Note 13) to fund a Fellowship and two projects. The Fellowship will evaluate the SaeboGlove, a rehabilitation aid that helps open the hand, and establish if it helps people with little hand movement after stroke access useful rehabilitation activities. The project will investigate if there is a genetic predisposition to Acute Stress-Induced (Takotsubo) Cardiomyopathy also known as 'broken heart syndrome'.

Financial Review

The Consolidated 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 £2,228,000 for the year to 31 March 2019 (2018: £164,000). The Group's gross income from all sources was £11,039,301 (2018: £9,457,162) – an increase of 16.7%. This was mainly due to an increase in income from Retail activities (including landlord contributions to fit out costs), primarily due to new shops being opened, from a total of £3,873,212 in 2017-18 to £5,269,885 in 2018-19 i.e. an increase of £1,396,673. These, together with an increase in the value of listed investments of £257,970 (2018: decrease of £160,033), led to a net positive movement in funds for the year of £126,995 (2018: £71,494).

Income generated from the Charity's patient services from the National Health Service, Local Authorities and the Scottish Government increased by 5.8% to £1,200,377 (2018: £1,135,034). This increase reflected two new projects which generated income of £122,500 in the year. Such income in excess of £1 million during the year continues to demonstrate the value placed by statutory agencies on the services provided by the Charity, even in times of severe continuing restraint on public expenditure.

Investment policy and returns

In November 2012, the Charity appointed Brewin Dolphin as investment managers. During the sixth full year of this appointment, the relationship with Brewin Dolphin has resulted in total returns from investments, excluding management fees, of £168,913 (2018: £157,704). 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 Ltd, and carries out non-charitable trading activities on behalf of the Charity, i.e. the sale of Christmas cards, every day cards, gift bags, gift wrap and associated merchandise. As well as contributing to the operating profit which the Trading Company transfers to the Charity's funds, Christmas cards continue to be a valuable means of maintaining supporters' loyalty to the Charity. The trading company also allows us to turn Gift Aided donations into cash, which is then donated back to the charity.

Changes in tangible fixed assets

The movements in tangible fixed assets are set out in Note 9 to the financial statements.

STRATEGIC REPORT
Year ended 31 March 2019

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 unforeseen reductions in service income, fundraising income and retail income, the unpredictability of changes in markets on the investment portfolio and significant unforeseen costs of meeting certain legal obligations and commitments.

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. As at 31 March 2019, the level of reserves under the policy (defined as total funds less the net book value of tangible fixed assets (see Note 9) and restricted reserves (see Note 16)) stood at £6.226 million. The Charity is therefore operating above the parameters of its approved reserves policy.

This position is expected to reverse in 2019-20 as the Charity is projected to make a substantial deficit in that year. This is due to the Charity making a significant investment in reassessing its core objectives and in developing and securing future income streams.

Details of restricted funds are given in Note 16 to the financial statements. As at 31 March 2019, the level of free reserves (defined as total funds less fixed assets and restricted reserves) stood at £1.245 million (2018: £1.900 million). It should be noted that the Charity's investment portfolio can be liquidated at short notice should such need ever arise.

Key Performance Indicators ('KPIs')

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 2019 could be assessed. These KPIs, and progress against them, are as follows: -

- A minimum of 70% of total Charity expenditure (excluding retail expenditure) should be on charitable services – *achieved; charitable spend was 76% of total.*
- The Charity should operate within its agreed Reserves Policy, ensuring maximum use of resources for charitable purposes, while covering identifiable risks and liabilities – *achieved. Actual reserves (as calculated under the Reserves policy) at 31 March 2019 were £6.226m against a Reserves policy of £5.5m.*
- The sickness absence rate across all the Charity's activities should be less than 4.0% - *achieved; sickness absence rate was 3.2% for 2018-19.*

KPIs for 2019-20

The following Key Performance Indicators have been identified against which to measure progress in the year to 31 March 2020: -

- A minimum of 70% of total Charity expenditure (excluding retail expenditure) should be on charitable services.
- The Charity 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 the Charity's activities should be less than 4.0%.

STRATEGIC REPORT
Year ended 31 March 2019

Going concern

Through review of detailed budgets and three year forecasts prepared by management, The Directors, through the Charity's Finance and Audit Committee, 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. Accordingly, the Directors consider it appropriate that the financial statements have been prepared on a going concern basis.

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.

In May 2018, the charity launched its "No Life Half Lived Strategy".

The strategy proposes a number of challenging targets over the next five years and has highlighted a number of new opportunities and threats which needed to be assessed within the risk register.

During the year we also invested further in our Community Hubs model within retail which also led to new risks being identified.

The Chief Executive and Executive Directors have therefore undertaken a comprehensive review of the risk register during the 2018-19 financial year and have reported this to the Finance and Audit Committee and the Board.

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

- prolonged loss of income.
- 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 income generation 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.
- PR strategy and Reputational Damage response plan.
- 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 was approved by the board and signed on its behalf by:



Name: Jane-Claire Judson

Date: 28 November 2019

REPORT OF THE TRUSTEES
for the year ended 31 March 2019

TRUSTEES' REPORT

Structure, governance and management

The Charity is a charitable company limited by guarantee and was set up in its current iteration on 24 December 1990. It is governed by a Memorandum and Articles of Association, the latter of which were amended and updated in November 2018 and approved at the November 2018 Annual General Meeting (AGM). 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 Charity is governed by a Board of Trustees drawn from throughout Scotland, and from a range of backgrounds including health & social care and academia. The Chair of the Board of Trustees is Jim Gibson, who came into the role on 26 July 2018, taking over from Roger Smith. The Chief Executive is Jane-Claire Judson.

The registered office, which is the principal office of the Charity, is detailed on Page 1.

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

New Trustees are recommended for appointment by the Board by the Nominations Committee, after an open application process. The Charity's 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 (a maximum of 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. In order to ensure that the Board of Trustees has the necessary spread of skills, Trustees will take account of any gaps in skills when appointing new Trustees.

The Board of Trustees delegates certain powers to a number of committees to ensure proper governance. These committees are the Finance & Audit Committee, Staff Governance Committee, Research Committee and Volunteer Steering Group.

All new Trustees will receive induction, including governing documents and policies, Board and committee Terms of Reference, the latest Annual Report, strategy documents and the latest financial statements.

CHEST HEART & STROKE SCOTLAND LTD
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REPORT OF THE TRUSTEES
for the year ended 31 March 2019

10

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 2019, the Charity considered Key Senior Management to be the following:

Chief Executive:	Ms Jane-Claire Judson
Director of Corporate Services:	Mr Paul Bannon
Director of Services:	Vacant (subsequently Mr Allan Cowie)
Director of Fundraising:	Vacant
Director of Communications	Mr Lawrence Cowan
Director of Retail	Mr Jay Hogarty
Director of Operations & Innovation	Ms Dianne Haley

Details of total key management remuneration and benefits are included in Note 6.

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.

Our No life Half Lived strategy sets out the following core objectives: -

- To double the number of people we reach and focus 60% of our work on supporting people living with our conditions
- To develop multi-condition services
- To double income generation through developing our mix of income streams
- To expand our retail presence and build community engagement in the communities where we operate
- To ensure that all our activities are people-driven
- To double the number of volunteers who work with us
- To transform public understanding of the needs of those people living with our conditions

Our main charitable activities are: -

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

Trustees' Responsibilities Statement

The Trustees, who are also Directors for the purposes of Company Law, 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.

CHEST HEART & STROKE SCOTLAND LTD
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REPORT OF THE TRUSTEES
for the year ended 31 March 2019

11

Trustees' Responsibilities Statement (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 operation.

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, the Charities and Trustee Investment Scotland Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Memorandum and Articles of Association.

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

CHEST HEART & STROKE SCOTLAND LTD
(A company limited by guarantee)

REPORT OF THE TRUSTEES
for the year ended 31 March 2019

12

Systems of Control (continued)

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 Report of the Trustees was approved by the board and signed on its behalf by:



Name: J James Gibson

Date: 28 November 2019

CHEST HEART & STROKE SCOTLAND LTD
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
CHEST HEART & STROKE SCOTLAND LTD

13

Opinion

We have audited the financial statements of Chest Heart & Stroke Scotland Ltd ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, charitable company statement of financial activities, consolidated and charity balance sheets, consolidated and charity statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Parent Charitable Company's affairs as at 31 March 2019 and of the Group's and Parent Charitable Company's incoming resources and application of resources including the Group's and Parent Charitable Company's 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.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Charitable Company in accordance with the ethical requirements 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 related to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
CHEST HEART & STROKE SCOTLAND LTD**

14

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the strategic report and trustees' report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 trustees' report (which includes the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 misstatement in the strategic report or the director's report.

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

- adequate and proper accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company's 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
CHEST HEART & STROKE SCOTLAND LTD**

15

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and Parent 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 Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees 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 Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Chittleburgh CA (Senior Statutory Auditor)

For and on behalf of:
Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

18 December 2019

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

For the year ended 31 March 2019

		Unrestricted funds	Restricted funds	Total Unrestricted 2019	Restricted funds	Total 2018
	Note	£	£	£	£	£
Income						
<i>Donations and legacies:</i>						
Legacies		2,835,021	4,778	2,839,799	2,648,323	2,648,323
Donations and gifts		981,606	82,667	1,064,273	1,025,611	1,076,751
<i>Income from other trading activities:</i>						
Retail sales		5,106,737	-	5,106,737	3,787,212	3,787,212
Fundraising events		487,452	418	487,870	564,721	564,721
<i>Income from charitable activities:</i>						
Grants receivable	3	-	1,200,377	1,200,377	-	1,135,034
<i>Investment income</i>	4	174,047	-	174,047	159,121	159,121
<i>Other income:</i>						
Landlord contributions to fit out costs		4,748	158,400	163,148	18,495	86,000
Gain on sale of fixed assets		3,050	-	3,050	-	-
Total income		9,592,661	1,446,640	11,039,301	8,203,483	9,457,162
Expenditure						
<i>Expenditure on raising funds:</i>						
Fundraising		1,427,261	-	1,427,261	1,198,750	1,205,499
Retail costs		5,237,149	16,441	5,253,590	3,627,498	3,627,498
		6,664,410	16,441	6,680,851	4,826,248	4,832,997
<i>Expenditure on charitable activities:</i>						
Services		2,543,400	1,282,233	3,825,633	2,545,798	3,860,375
Research		146,643	4,289	150,932	45,427	45,920
Welfare		168,800	-	168,800	208,823	208,823
Influencing public policy		334,965	-	334,965	275,916	275,916
		3,193,808	1,286,522	4,480,330	3,075,964	4,391,034
Total Expenditure	5	9,858,218	1,302,963	11,161,181	7,902,212	9,224,031
Other gains and (losses):						
Realised - (losses)/ gains on investments		(9,095)	-	(9,095)	(1,604)	(1,604)
Unrealised - (losses)/ gains on investments	10a	257,970	-	257,970	(160,033)	(160,033)
Net income/ (expenditure) and net movement in funds for the year		(16,682)	143,677	126,995	139,634	71,494
Reconciliation of funds						
Total funds brought forward		7,554,162	225,840	7,780,002	7,414,528	7,708,508
Total funds carried forward	16/17	7,537,480	369,517	7,906,997	7,554,162	7,780,002

The Statement of Financial Activities includes all gains and losses.

All amounts relate to continuing activities.

The notes on pages 20 to 32 form part of these financial statements.

CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2019

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £	Unrestricted funds £	Restricted funds £	Total 2018 £
Income							
<i>Donations and legacies:</i>							
Legacies		2,835,021	4,778	2,839,799	2,648,323	-	2,648,323
Donations and gifts		981,606	82,667	1,064,273	1,025,611	51,140	1,076,751
<i>Income from other trading activities:</i>							
Retail sales		4,744,342	-	4,744,342	3,633,172	-	3,633,172
Fundraising events		487,452	418	487,870	564,721	-	564,721
<i>Income from charitable activities:</i>							
Grants receivable	3	-	1,200,377	1,200,377	-	1,135,034	1,135,034
Investment income	4	173,610	-	173,610	159,041	-	159,041
<i>Other income:</i>							
Landlord contributions to fit out costs		4,748	158,400	163,148	18,495	67,505	86,000
Gain on sale of fixed assets		3,050	-	3,050	-	-	-
Total income		9,229,829	1,446,640	10,676,469	8,049,363	1,253,679	9,303,042
Expenditure							
<i>Expenditure on raising funds:</i>							
Fundraising		1,427,261	-	1,427,261	1,198,750	6,749	1,205,499
Retail costs		4,874,702	16,441	4,891,143	3,369,637	-	3,369,637
		6,301,963	16,441	6,318,404	4,568,387	6,749	4,575,136
<i>Expenditure on charitable activities:</i>							
Services		2,543,400	1,282,233	3,825,633	2,545,798	1,314,577	3,860,375
Research		146,643	4,289	150,932	45,427	493	45,920
Welfare		168,800	-	168,800	208,823	-	208,823
Influencing public policy		334,965	-	334,965	275,916	-	275,916
		3,193,808	1,286,522	4,480,330	3,075,964	1,315,070	4,391,034
Total Expenditure	5a	9,495,771	1,302,963	10,798,734	7,644,351	1,321,819	8,966,170
Other gains and (losses):							
Realised - (losses)/ gains on investments		(9,095)	-	(9,095)	(1,604)	-	(1,604)
Unrealised - (losses)/ gains on investments	10a	257,970	-	257,970	(160,033)	-	(160,033)
Net income/ (expenditure) and net movement in funds for the year		(17,067)	143,677	126,610	243,375	(68,140)	175,235
Reconciliation of funds							
Total funds brought forward		7,553,460	225,840	7,779,300	7,310,085	293,980	7,604,065
Total funds carried forward	16/17	7,536,393	369,517	7,905,910	7,553,460	225,840	7,779,300

The Statement of Financial Activities includes all gains and losses.

All amounts relate to continuing activities.

The notes on pages 20 to 32 form part of these financial statements.

CONSOLIDATED AND CHARITY BALANCE SHEETS

As at 31 March 2019

	Note	Group 2019 £	2018 £	Charity 2019 £	2018 £
FIXED ASSETS					
Tangible fixed assets	9	1,311,265	945,994	1,311,265	945,994
Investments	10	4,980,933	4,764,422	5,180,833	4,964,322
Total Fixed Assets		6,292,198	5,710,416	6,492,098	5,910,316
CURRENT ASSETS					
Stocks	11	79,934	75,916	-	-
Debtors	12	2,009,572	1,832,143	2,295,423	2,061,153
Cash at bank and in hand		1,001,759	1,662,838	584,258	1,275,932
Total Current Assets		3,091,265	3,570,897	2,879,681	3,337,085
CREDITORS : amounts falling due within one year					
Research grants	13	220,459	386,223	220,459	386,223
Other creditors	14	988,491	913,979	977,894	880,769
		1,208,950	1,300,202	1,198,353	1,266,992
NET CURRENT ASSETS		1,882,315	2,270,695	1,681,328	2,070,093
TOTAL ASSETS LESS CURRENT LIABILITIES		8,174,513	7,981,111	8,173,426	7,980,409
CREDITORS : amounts falling due after more than one year					
Research grants	13	210,516	102,791	210,516	102,791
Accruals		57,000	98,318	57,000	98,318
Deferred Income	15	-	-	-	-
NET ASSETS		7,906,997	7,780,002	7,905,910	7,779,300
THE FUNDS OF THE CHARITY:					
Restricted funds	16	369,517	225,840	369,517	225,840
Unrestricted funds	17	7,537,480	7,554,162	7,536,393	7,553,460
		7,906,997	7,780,002	7,905,910	7,779,300

The financial statements were approved and authorised for issue by the Board on 28 November 2019

J James Gibson Director

The notes on pages 20 to 32 form part of these financial statements.

CONSOLIDATED AND CHARITY STATEMENTS OF CASH FLOWS

For the year ended 31 March 2019

	Note	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
Net income		126,995	71,494	126,610	175,235
Profit on sale of tangible fixed assets		(3,050)	-	(3,050)	-
Realised Loss on sale of listed investments		9,095	1,604	9,095	1,604
Unrealised (Profit) Loss on listed investments		(257,970)	160,033	(257,970)	160,033
Investment income		(174,047)	(159,121)	(173,610)	(159,041)
Depreciation		289,427	186,958	289,427	186,958
Increase in stock		(4,018)	(63,110)	-	-
(Increase) Decrease in debtors		(177,429)	31,492	(234,270)	(150,472)
Decrease in creditors		(24,850)	(136,878)	(2,237)	(164,557)
Cash generated by operating activities		(215,847)	92,472	(246,005)	49,760
Cash flows from investing activities					
Dividend income		168,913	157,704	168,913	157,704
Interest income		5,134	1,417	4,697	1,338
Purchase of tangible fixed assets		(654,698)	(334,590)	(654,698)	(334,590)
Proceeds from sale of tangible fixed assets		3,050	-	3,050	-
Purchase of investments		(502,923)	(372,833)	(502,923)	(372,833)
Proceeds from sale of investments		1,039,493	411,542	1,039,493	411,542
Cash (used in) provided by investing activities		58,969	(136,760)	58,532	(136,839)
(Decrease) Increase in cash and cash equivalents in the year		(156,878)	(44,288)	(187,473)	(87,079)
Total cash and cash equivalents at the beginning of the year		1,676,346	1,720,634	1,289,440	1,376,519
Total cash and cash equivalents at the end of the year		1,519,468	1,676,346	1,101,967	1,289,440
Analysis of cash and cash equivalents					
		2019 £	2018 £	2019 £	2018 £
Cash in hand		9,060	8,444	9,060	8,444
Notice Deposits (less than 3 months)		992,699	1,654,394	575,198	1,267,488
Cash held within investments		517,709	13,508	517,709	13,508
Total cash and cash equivalents		1,519,468	1,676,346	1,101,967	1,289,440

The notes on pages 20 to 32 form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2019

1 ACCOUNTING POLICIES

General information

Chest Heart & Stroke Scotland Ltd is a charity limited by guarantee incorporated in Scotland, UK, with Company Number SC129114. The address of the registered office and principal address is given on the legal and administration information on page 1 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities as amended by Update Bulletin 1; the Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)(effective 1 January 2015) and the Companies Act 2006. Chest Heart & Stroke Scotland Ltd meets the definition of a public benefit entity under FRS 102. The Charity's functional and presentational currency is GBP. These financial statements have been rounded to the nearest £1.

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 below.

Going concern

Through review of detailed budgets and five year forecasts prepared by management, The Directors, through the Charity's Finance and Audit Committee 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 10 b) to the financial statements.

Donations and legacies

Income received by way of donations and gifts to the Charity are included in full in the Statement of Financial Activities when receivable. Gifts donated for resale are included as income when they are sold. Donations and legacies are included when they meet the Charities SORP (FRS 102) tests of probability, entitlement and measurement.

Grants receivable

Grants receivable are recognised as income 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

1 ACCOUNTING POLICIES (continued)

Expenditure

Expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts. Expenditure of raising funds include the costs incurred in generating donations and legacies, 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.

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
Leasehold improvements	Over the remaining period of the lease
Assets in the course of construction	Nil (until brought into use)

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 expenditure in the period in which contributions become payable.

Research grants payable

Research grants are charged to the statement of financial activities 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 statement of financial activities when payable. There are no finance lease contracts.

Lease incentives are spread over the term of the lease in accordance with the Charities SORP (FRS 102).

Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for slow-moving or obsolete stock items.

Donated stocks are not included because it is impractical to measure the fair value of goods donated and the costs of valuation would outweigh the benefit to users of the financial statements and to the charity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

1 ACCOUNTING POLICIES (continued)

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 unrestricted 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 liabilities 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 retail improvements through an annual review of each retail shop's performance.
- Determine whether legacy income recognised in the financial statements meets the requirements of Charities 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. The Directors consider it is not practical to include a measure of fair value.
- Determine the ageing of research grants between those amounts payable in less than one year and those payable in more than one year. This is done with reference to the grant document which states the period over which the grant is awarded.

Other key sources of estimation uncertainty are as follows:

- Tangible Fixed Assets (see Note 9)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where applicable. For retail improvements, useful lives are determined in line with the associated lease term. For other tangible assets, useful lives are determined through reference to the length of time each individual class of asset is expected to be used by the Charity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

2 STATUS OF THE COMPANY

Chest Heart & Stroke Scotland Ltd is a registered charity (no. SC018761) and a company limited by guarantee (no. SC129114) of its members and does not have a share capital. Each member has undertaken to contribute one pound towards any deficit arising in the event of the company being wound up.

3 GRANTS RECEIVABLE

Group and Charity - Year ended 31 March 2019	Deferred Income 2018 £	Amount Received 2019 £	Deferred Income 2019 £	Income 2019 £
--	---------------------------------	---------------------------------	---------------------------------	---------------------

Grants receivable from Health Boards, NHS Trusts
and Local Authorities

26,277 1,013,740 (47,987) 992,030

Scottish Executive Health Directorate

73,547 134,800 - 208,347

99,824 1,148,540 (47,987) 1,200,377

Group and Charity - Year ended 31 March 2018

	Deferred Income 2017 £	Amount Received 2018 £	Deferred Income 2018 £	Income 2018 £
--	---------------------------------	---------------------------------	---------------------------------	---------------------

Grants receivable from Health Boards, NHS Trusts
and Local Authorities

91,213 1,029,353 (26,277) 1,094,289

Scottish Executive Health Directorate

- 114,292 (73,547) 40,745

91,213 1,143,645 (99,824) 1,135,034

4 INVESTMENT INCOME

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Income from Quoted Securities	168,913	157,704	168,913	157,704
Bank interest	5,134	1,417	4,697	1,337
	174,047	159,121	173,610	159,041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

5 ANALYSIS OF TOTAL EXPENDITURE - GROUP

	Staff costs £	Other costs £	Support costs £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
Fundraising	655,492	398,909	372,860	1,427,261	1,205,499
Retail costs	2,209,709	2,234,119	809,762	5,253,590	3,627,498
	<u>2,865,201</u>	<u>2,633,028</u>	<u>1,182,622</u>	<u>6,680,851</u>	<u>4,832,997</u>
Expenditure on charitable activities					
Services	2,533,970	452,337	839,326	3,825,633	3,860,375
Research grants	578	149,017	1,337	150,932	45,920
Welfare	15,512	117,444	35,844	168,800	208,823
Influencing public policy	188,470	45,673	100,822	334,965	275,916
	<u>2,738,530</u>	<u>764,471</u>	<u>977,329</u>	<u>4,480,330</u>	<u>4,391,034</u>
Total Expenditure	<u>5,603,731</u>	<u>3,397,499</u>	<u>2,159,951</u>	<u>11,161,181</u>	<u>9,224,031</u>

Support costs by activity

	Staff costs £	Other costs £	Overhead costs £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
Fundraising	103,406	55,972	213,482	372,860	306,754
Retail costs	320,561	255,670	233,531	809,762	525,260
	<u>423,967</u>	<u>311,642</u>	<u>447,013</u>	<u>1,182,622</u>	<u>832,014</u>
Expenditure on charitable activities					
Services	366,767	199,220	273,339	839,326	720,020
Research grants	697	50	590	1,337	1,163
Welfare	18,679	1,346	15,819	35,844	15,657
Influencing public policy	73,835	25,246	1,741	100,822	64,008
	<u>459,978</u>	<u>225,862</u>	<u>291,489</u>	<u>977,329</u>	<u>800,848</u>
Total Expenditure	<u>883,945</u>	<u>537,504</u>	<u>738,502</u>	<u>2,159,951</u>	<u>1,632,862</u>

Support costs are allocated to charitable expenditure based on full time employee equivalents for Finance, IT, HR and Administration and by time spent for Communications. Under Support costs by activity above, within the Overhead costs of £738,504 are governance costs of £15,993 (2018: £14,536). In addition, included in Other costs above of £537,502, are governance costs of £3,604 (2018: £12,966).

Under Retail costs - Other costs of £2,234,119 above, are further governance costs of £5,133 (2018: £3,945)

Governance costs are made up as follows:

	2019 £	2018 £
Annual report/Strategic plan	1,214	970
Trustees expenses	965	718
Audit	13,520	15,785
Trustees meetings	2,276	3,974
Professional Fees	6,755	10,000
	<u>24,730</u>	<u>31,447</u>

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 £93,146 (2018: £130,569). In addition, funding is also given to a Citizen Advice office in Scotland to provide advice to individuals affected by chest, heart and stroke illnesses in seeking government benefits applicable to their situation. The amount paid to this organisation was as follows:

	Total 2019 £	Total 2018 £
Lanarkshire CAB	23,000	46,385
	<u>23,000</u>	<u>46,385</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

5a ANALYSIS OF TOTAL EXPENDITURE - CHARITY ONLY

	Staff costs £	Other costs £	Support costs £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
Fundraising	655,492	398,909	372,860	1,427,261	1,205,499
Retail costs	2,094,995	1,986,386	809,762	4,891,143	3,369,637
	<u>2,750,487</u>	<u>2,385,295</u>	<u>1,182,622</u>	<u>6,318,404</u>	<u>4,575,136</u>
Expenditure on charitable activities					
Services	2,533,970	452,337	839,326	3,825,633	3,860,375
Research grants	578	149,017	1,337	150,932	45,920
Welfare	15,512	117,444	35,844	168,800	208,823
Influencing public policy	188,470	45,673	100,822	334,965	275,916
	<u>2,738,530</u>	<u>764,471</u>	<u>977,329</u>	<u>4,480,330</u>	<u>4,391,034</u>
Total Expenditure	<u>5,489,017</u>	<u>3,149,766</u>	<u>2,159,951</u>	<u>10,798,734</u>	<u>8,966,170</u>

Support costs by activity

	Staff costs £	Other costs £	Overhead costs £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
Fundraising	103,406	55,972	213,482	372,860	306,754
Retail costs	320,561	255,670	233,531	809,762	525,260
	<u>423,967</u>	<u>311,642</u>	<u>447,013</u>	<u>1,182,622</u>	<u>832,014</u>
Expenditure on charitable activities					
Services	366,767	199,220	273,339	839,326	720,020
Research grants	697	50	590	1,337	1,163
Welfare	18,679	1,346	15,819	35,844	15,657
Influencing public policy	73,835	25,246	1,741	100,822	64,008
	<u>459,978</u>	<u>225,862</u>	<u>291,489</u>	<u>977,329</u>	<u>800,848</u>
Total Expenditure	<u>883,945</u>	<u>537,504</u>	<u>738,502</u>	<u>2,159,951</u>	<u>1,632,862</u>

Support costs are allocated to charitable expenditure based on full time employee equivalents for Finance, IT, HR and Administration and by time spent for Communications. Under Support costs by activity above, within the Overhead costs of £738,504 are governance costs of £15,993 (2018: £14,536). In addition, included in Other costs above of £537,502, are governance costs of £3,604 (2018: £12,966).

Governance costs are made up as follows:

	2019 £	2018 £
Annual report/Strategic plan	1,214	970
Trustees expenses	965	718
Audit	8,387	11,840
Trustees meetings	2,276	3,974
Professional Fees	6,755	10,000
	<u>19,597</u>	<u>27,502</u>

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 £93,146 (2018: £130,569). In addition, funding is also given to a Citizen Advice office in Scotland to provide advice to individuals affected by chest, heart and stroke illnesses in seeking government benefits applicable to their situation. The amount paid to this organisation was as follows:

	Total 2019 £	Total 2018 £
Lanarkshire CAB	23,000	46,385
	<u>23,000</u>	<u>46,385</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

6 ANALYSIS OF STAFF COSTS - GROUP AND CHARITY

	Total	Total
Staff costs	2019	2018
	£	£
Wages and salaries	5,763,261	5,086,285
Social security costs	468,201	429,297
Pension costs	339,218	308,495
Redundancy and Termination payments	23,888	55,498
	6,594,568	5,879,575

The average number of employees by head count during the year for the Group and Charity, analysed by function, was:

	2019 No	2018 No
Charitable activities	88	95
Retail	138	112
Fundraising and Influencing public policy	31	30
Management and administration of the charity	31	24
	288	261

Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands:

	2019 No	2018 No
Between £60,001 - £70,000	1	1
Between £70,001 - £80,000	2	-

The employees earning more than £60,000 above participated in the defined contribution pension scheme and employer contributions in the year were £15,633 (2018: £6,760).

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, Director of Strategy & Communications and Director of Operations & Innovation. The total employee benefits of the key management personnel of the Charity were £475,020 (2018: £431,642).

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 (except for the unpaid Directors of the Company) 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 £475,020 (2018: £431,642)

No Trustee received any remuneration from the charity, but a total of £965 (2018: £718) was reimbursed to 5 (2018: 4) Trustees for expenses incurred on behalf of the charity in relation to attending meetings.

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 £2,167 (2018: £2,167) and provides cover up to a maximum of £2 million in any one year.

7 ANALYSIS OF NET INCOME/ EXPENDITURE FOR THE YEAR

Total Expenditure also includes:	2019 £	2018 £
Depreciation: owned fixed assets	289,427	186,958
Operating leases	907,051	671,335
Auditor's remuneration (including fees and expenses) - incoming auditors (Chiene + Tait LLP)	13,000	-
Auditor's remuneration (including fees and expenses) - outgoing auditors (BDO LLP)	(1,100)	12,040
Auditor's remuneration (in respect of other services provided) - Chiene + Tait LLP	975	-
Auditor's remuneration (in respect of other services provided) - BDO LLP	620	3,345

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

8 TAXATION

The company, being a charity, is eligible for exemption from tax under Section 505 Income and Corporation Taxes Act 1988.
Corporation tax payable by CHSA Trading Limited, the Charity's Trading Subsidiary, after payment of a distribution under gift aid of £203,094 (2018: £119,000) for the year ended 31 March 2019 amounted to £Nil (2018: £14,236).

9 TANGIBLE FIXED ASSETS

Group & Charity

	Freehold Land & Buildings £	Office Equipment & Computers £	Retail Improvements £	Motor Vehicles £	Total £
Cost					
At 1 April 2018	125,707	144,839	1,271,423	188,324	1,730,293
Additions	-	20,383	634,315	-	654,698
Disposals	-	-	(26,156)	(14,325)	(40,481)
At 31 March 2019	125,707	165,222	1,879,582	173,999	2,344,510
Depreciation					
At 1 April 2018	72,185	92,395	449,140	170,579	784,299
Charge for the year	2,514	38,440	235,710	12,763	289,427
Disposals	-	-	(26,156)	(14,325)	(40,481)
At 31 March 2019	74,699	130,835	658,694	169,017	1,033,245
Net book value					
At 31 March 2019	51,008	34,387	1,220,888	4,982	1,311,265
At 31 March 2018	53,522	52,444	822,283	17,745	945,994

Included within Retail Improvements are assets under the course of construction amounting to £190,205 (2018: £99,760) which are not depreciated until brought into operational use.

10 INVESTMENTS

a) Quoted Investments

	2019 £	2018 £
Market value at 31 March 2018	4,750,914	4,951,260
Less : Disposals at opening book value	(1,048,583)	(413,146)
Add: Acquisitions at cost	502,923	372,833
Net unrealised investment (loss)/ gain for the year	257,970	(160,033)
Market value at 31 March 2019	4,463,224	4,750,914
Cash deposits held for investment	517,709	13,508
	4,980,933	4,764,422
Historical cost at 31 March 2019	3,803,298	4,252,156

The portfolio is split as follows:

	2019 £	%	2018 £	%
UK Equity based investments	3,720,877	74.7	4,053,160	85.1
UK Fixed Interest based investments	742,347	14.9	697,754	14.6
Short term deposits	517,709	10.4	13,508	0.3
	4,980,933	100.0	4,764,422	100.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

10 INVESTMENTS (continued)

As at 31 March 2019, the following individual holdings represented over 5% of total market value:

	Market Value at 31 March 2019		Market Value at 31 March 2018	
	£	%	£	%
Findlay Park FDS American - 4630 shares	427,877	8.59%	354,477	7.44%
J P Morgan AM UK Ltd US Equity Income - 339,990,494 shares	374,330	7.52%	325,915	6.84%

b) Investment in subsidiary undertaking

	£
Cost at 1 April 2018 and 31 March 2019	199,900
Net book value at 31 March 2019 and at 31 March 2018	199,900

Details of the subsidiary undertaking, which is registered in Scotland, at the balance sheet date are as follows:

Name of company and business	Class of Shares	Holding %
CHSA Trading Limited (company no. SC113325) 3rd Floor, Rosebery House, 9 Haymarket Terrace, Edinburgh, EH12 5EZ	Ordinary	100.00%

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.

	2019 £	2018 £
Profit and Loss Account:		
Turnover	1,531,533	1,145,030
Cost of sales	(1,140,191)	(829,113)
Gross profit	391,342	315,917
Distribution costs	(114,714)	(56,552)
Administrative expenses	(73,776)	(66,279)
Interest income	437	79
Corporation Tax	190	(14,236)
Net profit retained	203,479	178,929
Distribution to Chest Heart & Stroke Scotland Ltd	203,094	119,000
Assets, liabilities and funds:		
Assets	498,955	472,541
Liabilities	(297,971)	(271,942)
Total funds	200,984	200,599

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 £1,038,535 (2018: £773,512) of clothes sales into gift aided donations. As a result, the charity has been able to claim £243,093 (2018: £195,285) of gift aid. Both the gift aid and the gift aided sales are classified as donations rather than retail sales. Retail donations also includes £38,660 (2018: £30,951) directly handed into our shops.

The Trading company charged the charity a management fee of £958,044 (2018: £700,342) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

11 STOCKS

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Goods held for resale	79,934	75,916	-	-

The amount of inventory recognised as an expense in the year amounted to £182,147 (2018: £128,771)

12 DEBTORS

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Other debtors	156,175	96,249	156,175	95,561
Amounts owed by subsidiary undertaking	-	-	287,371	238,730
Legacies receivable	1,198,003	1,345,476	1,198,003	1,345,476
Prepayments and accrued income	655,394	390,418	653,874	381,386
	2,009,572	1,832,143	2,295,423	2,061,153

Amounts owed by the subsidiary are unsecured, held interest free and have no fixed repayment terms.

13 RESEARCH GRANTS

	Chest £	Heart £	Stroke £	Other projects £	Total £
At 1 April 2018	-	191,692	263,535	33,787	489,014
Grants written back during the year	-	(6,188)	(12,706)	(12,752)	(31,646)
Grants paid during the year	-	(50,808)	(129,796)	(21,035)	(201,639)
	-	134,696	121,033	-	255,729
Grants awarded during the year	-	24,950	301	149,995	175,246
At 31 March 2019	-	159,646	121,334	149,995	430,975

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

	£
University of Aberdeen	24,950
Royal Infirmary of Edinburgh	301
Queen Elizabeth University Hospital	149,995
	175,246

	Group and Charity 2019 £	2018 £
Research grants falling due within one year	220,459	386,223
Research grants falling due after more than one year	210,516	102,791
	430,975	489,014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

14 OTHER CREDITORS falling due within one year

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Trade creditors	333,006	204,254	328,939	191,549
Tax and social security costs	115,597	107,286	115,597	107,286
Corporation tax	-	14,236	-	-
Other creditors	128,731	122,368	128,731	122,368
Deferred income - see note 15	107,788	166,403	107,788	166,403
Accruals	303,369	299,432	296,839	293,163
	988,491	913,979	977,894	880,769

15 DEFERRED INCOME

	Group and Charity 2019 £	2018 £
Deferred income at 1 April 2018	166,403	260,066
Released during the year	(140,098)	(160,679)
Income deferred in year	81,483	67,016
Deferred income at 31 March 2019	107,788	166,403
Deferred Income within 1 Year (see note 14)	107,788	166,403
Deferred Income greater than 1 Year	-	-
Total Deferred Income	107,788	166,403

Income is deferred when the charity receives grants or donations for which the conditions of recognition have not yet been met.
Deferred income at 31 March 2019 will be recognised as income next year (31 March 2018 - one year)

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:

	Balance 31 March 2018 £	Movement in Funds:		Balance 31 March 2019 £
		Income £	Expenditure £	
Community services	-	440,125	(440,125)	-
Volunteer Development	-	2,000	-	2,000
Research grants	-	4,289	(4,289)	-
Capital grants	67,505	158,400	(16,441)	209,464
Advice and Support	158,335	841,825	(842,107)	158,053
	225,840	1,446,639	(1,302,962)	369,517

Description of Restricted Funds:

- Community services restricted funds represents mainly grant amounts received from Health Boards, NHS Trusts and Local Authorities which are used to partly fund our Community Stroke Services throughout Scotland. In addition, it includes grants from Trusts and other bodies as well as donations from individuals where those parties have indicated that the monies are to be used solely for funding these services.
- Volunteering Development restricted funds represent funds received to be used to provide Stroke Rehabilitation volunteers
- Research grants restricted funds represent donations received from mainly individuals where the individual has requested that their donation be used solely for research purposes.
- Capital grant restricted funds relates to landlord contributions to fit out costs incurred on the charity's retail operations. These funds will be set against future depreciation charges in relation to the retail improvements to which the contributions relate.
- Advice and Support restricted funds represents mainly grant amounts received from the Scottish Government and the Scottish Executive Health Directorate which are used to fund specified projects. Major projects during the year included Respiratory E-Learning resource ('RESPe'). In addition, funding was received for updating two previous projects where expenditure will be incurred in future periods. The first being a general update of the Core and Advancing STARs (Stroke Training and Awareness Resource) modules in relation to improving the technology and therefore learner access. The second being the updating of the original 8 HEARTe (Heart Education Awareness Resource and Training through E-learning) modules so that they are more mobile friendly. In addition, restricted funds are also received from Health Boards, NHS Trusts and Local Authorities to partly fund our Stroke Nurse service which operates throughout Scotland. It also includes grants from Trusts and other bodies as well as donations from individuals where those parties have indicated that the monies are to be used solely for funding these educational services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

17 UNRESTRICTED FUNDS

	Movement in Funds:					Balance 31 March 2019 £
	Balance 31 March 2018 £	Income £	Expenditure £	Gains/ (losses) on investments £	Transfers £	
Group	7,554,162	9,592,661	(9,858,218)	248,875	-	7,537,480
Charity	7,553,460	9,229,829	(9,495,771)	248,875	-	7,536,393

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 2019					
Restricted funds	209,464	-	160,053	-	369,517
Unrestricted funds	1,101,801	4,980,933	1,722,262	(267,516)	7,537,480
	1,311,265	4,980,933	1,882,315	(267,516)	7,906,997
	£	£	£	£	£
Group - 31 March 2018					
Restricted funds	61,880	-	163,960	-	225,840
Unrestricted funds	884,114	4,764,422	2,106,735	(201,109)	7,554,162
	945,994	4,764,422	2,270,695	(201,109)	7,780,002
	£	£	£	£	£
Charity - 31 March 2019					
Restricted funds	209,464	-	160,053	-	369,517
Unrestricted funds	1,101,801	5,180,833	1,521,275	(267,516)	7,536,393
	1,311,265	5,180,833	1,681,328	(267,516)	7,905,910
	£	£	£	£	£
Charity - 31 March 2018					
Restricted funds	61,880	-	163,960	-	225,840
Unrestricted funds	884,114	4,964,322	1,906,133	(201,109)	7,553,460
	945,994	4,964,322	2,070,093	(201,109)	7,779,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

19 FINANCIAL COMMITMENTS

The Charity has entered into non-cancellable operating leases which have the following minimum commitments:

	2019 £	2018 £
Land and buildings	2,654,248	1,683,509
Plant and machinery	245,275	142,282
Motor vehicles	35,966	16,001
	<u>2,935,489</u>	<u>1,841,792</u>

The above commitments are payable as follows:	2019 £	2018 £
Not later than one year	978,868	735,894
Later than one year and not later than five years	1,946,888	1,105,898
More than five years	9,733	-
	<u>2,935,489</u>	<u>1,841,792</u>

20 RELATED PARTY TRANSACTIONS

There are no related party transactions other than as disclosed in Note 6 for Directors' reimbursement of expenses.

21 FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Financial assets:				
Financial assets held at fair value	4,463,224	4,750,914	4,463,224	4,750,914
Financial assets measured at amortised cost	3,209,857	3,280,655	3,279,627	3,331,691
	<u>7,673,081</u>	<u>8,031,569</u>	<u>7,742,851</u>	<u>8,082,605</u>
Financial liabilities:				
Financial liabilities measured at amortised cost	822,106	724,372	811,509	705,398

Financial assets measured at fair value are listed investments. Financial assets measured at amortised cost include cash at bank, other debtors, accrued income, amounts owed by subsidiary undertaking and investment in subsidiary undertaking.

Financial liabilities measured at amortised cost include trade creditors, other creditors and accruals.