

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

TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
31 March 2020

Scottish Charity Number: SC018761
Company Registration Number : SC129114

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

CONTENTS

31 March 2020

	Page
Legal and Administrative Information	1 - 2
Strategic report incorporating the Trustees Report	3 - 19
Independent Auditor's Report	20 - 24
(Excel spreadsheet – Item 6i, Paper 3i b)	
Consolidated Statement of Financial Activities	25
Charitable Company Statement of Financial Activities	26
Consolidated and Charity Balance Sheets	27
Consolidated and Charity Statements of Cash Flows	28
Notes to the Consolidated Financial Statements	29 - 41

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

31 March 2020

DIRECTORS

James Gibson	
Theresa Douglas	
Gill Alexander	(to 28 November 2019)
Alan Begg	
Charlie Chung	(to 22 May 2019)
Gerry Fowkes	
Simon Harris	
Barbara Mitchelmore	(to 28 November 2019)
Andrew Morris	
Neil Pirie *	
Kenneth Walmsley *	
John Wilson	(to 25 July 2019)
Mary Ballantyne	(from 28 November 2019)
Neil Francis	(from 28 November 2019)
Scott Hutchinson	(from 28 November 2019)
Sharon Millar	(from 28 November 2019)
Douglas Sewell	(from 28 November 2019)
Ian Turnbull	(from 28 November 2019)

*Also Directors of CHSA Trading Limited

SECRETARY

Jane-Claire Judson

**REGISTERED OFFICE
AND PRINCIPAL
ADDRESS**

Third Floor
 Rosebery House
 9 Haymarket Terrace
 Edinburgh
 EH12 5EZ

INDEPENDENT

AUDITOR

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

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

31 March 2020

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

Lindsays
 Caledonian Exchange
 19a Canning Street
 Edinburgh
 EH3 8HE

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 2020. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice Applicable to Charities (second addition – October 2019); the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006 in preparing the annual report and financial statements of the Charity and Group.

THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)

STRATEGIC REPORT INCORPORATING THE TRUSTEES REPORT
for the year ended 31 March 2010

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 (NLHL) 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

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.

Achievements, performance and future plans

Chest, heart and stroke conditions affect one in five 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.

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.

Covid19 impact

On 11th March 2020 the World Health Organisation confirmed Covid19 as a pandemic. On 20th March 2020 we closed our 45 shops and on 23rd March 2020 we closed our head office. The UK Government announced the Job Retention Scheme on 20th March 2020, and we made strategic use of this method of funding staff salaries thus avoiding immediate threat to jobs and delivery of frontline services. The Board set up a subgroup comprising the Chairs of the Staff Governance and Finance Committees, the Chair of the Board and the Senior Independent Non Executive, to meet on a regular basis as part of our incident management processes. We moved all our face to face services onto digital channels and our Adviceline onto a remote call centre by the end of March. Covid19 has presented significant challenges to the organisation; however, we have managed to pivot, manage our finances successfully and continue to provide vital services to those in need. This report details the impact Covid19 has had on each area of the organisation.

Communications

Much of our work this year has been focused on establishing the new fundraising proposition (generation of new messages and materials) and driving income generation.

The charity has maintained a high media profile in a year where the news has been dominated by big national stories including a General Election and Brexit negotiations. We secured 1,787 pieces of media coverage with a combined readership reach of 41 million, achieving over £3.5 million worth of equivalent advertising (AVE).

Our campaigners achieved two major commitments from the Scottish Government this year – to increase access to Pulmonary Rehabilitation for lung patients as part of their Respiratory Care Action Plan for Scotland, and confirmation that they will introduce a national stroke Thrombectomy service. These two commitments will make a big difference to the ability of people with lung conditions and stroke survivors to live life to the full.

The reach of our health information service continues to increase. 155,746 pieces of vital health information were distributed this year – 6,730 more than last year. This year also saw significant improvements in the quality of our health information offer with a complete overhaul of the core suite of materials and branding. There are now 21 new Essential Guides on a variety of topics to help people live well with a chest, heart or stroke condition.

Following the outbreak of Covid19 in March 2020 the team were integral to communicating the importance of supporting the charity throughout the pandemic to external audiences. We also played a key role in keeping staff, volunteers and service users up to date on our charity's approach to navigating the crisis.

We very quickly launched the 'Scotland Against Coronavirus' campaign recruiting people to share vital health messages and help their local communities – positioning the charity's activity as directly relevant to people's needs during Covid19. Working closely with fundraising colleagues we also rapidly developed clear and emotive cases for support that are relevant to supporting people through Covid19.

We also played a key part in the launch and promotion of the Kindness Volunteer initiative which has recruited over 6,000 volunteers to date. The team were also pivotal in successfully securing £427,500 worth of Scottish Government funding to aid the charity in caring for people affected by our conditions during Covid19.

Retail and Trading

The Retail and Trading team generated a combined gross income of £5.3 million – a small increase on gross income last year (£5.1 million).

The retail chain at the end of the year consisted of 44 shops, 5 new shops opened in 2019/20 and 5 closed. As the effects of Covid19 hit post year end, decisions were made to shut 5 shops where the lease was up, leaving the total number of shops in the retail chain trading currently at 32, 7 shops with delayed opening as we adapt following Covid19 and 2 new shops will open over the next few months where fit out was ongoing before Covid19.

The trading arm of Retail which sells everyday cards, Christmas cards and other new products had a good year, making a profit of £355,000 of which £335,000 was gift aided to the Charity.

Expansion into Community Hubs, where we are offering services as well as a retail offering to meet community needs, has continued to evolve and this year around 7,000 people used our Community Hubs.

The closure of the entire retail chain at the end of March 2020 due to Covid19 led to a significant decline in retail income for the first 5 months of 2020/21. All retail shop staff were furloughed and rent reductions were achieved for most of our properties. The retail chain started reopening in stages from July with the majority of the chain open by the end of August 2020. Covid19 highlighted the fixed cost base of retail and measures have been taken to reduce this for the long term.

2020/21 will see development of the retail strategy to ensure our retail chain continues to generate income and support our charitable aims.

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, everyday 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.

Fundraising

The work that we do wouldn't be possible without the generosity of our donors. They are more than supporters. They are the difference between people in Scotland with our conditions just surviving and really living.

In 2019/20 our incredible donors raised a total of £1.72 million (excluding legacy income) – the most money raised since the launch of the No Life Half Lived strategy and an increase of 14% on last year.

Legacies remain a key element of our fundraising income and we are incredibly grateful to people who decide to make the gift of a lifetime by leaving a gift in their will. This year gifts in wills raised £2.5 million – which was on target against budget.

This year we are also starting to see the impact of our new fundraising proposition – ‘more than surviving’ and the hard work undertaken to deploy it. Working closely with Communications colleagues the new proposition has generated a series of emotive and clear cases for support that tell the true stories of the people our donors help.

Our Christmas fundraising appeal this year was the most successful to date, raising over £24,000 and we are thankful to Derek Mackie, who lost his wonderful wife Karen to heart and lung problems, for sharing their beautiful story for the appeal.

While securing more income from events overall has continued to be a challenge, some of our events portfolio performed very well this year. Our St Andrews Ball – in its second year – raised over £34,000 and our Beast Races in Banchory and Inverness were a sell-out raising a total of £60,000 to help people live life to the full.

A major highlight of this year was teaming up with Scotmid Co-operative as a new charity partner spanning across FY 2019/20 and 2020/21. The #SurviveAndThrive partnership has seen staff at Scotmid, Semi-Chem and Scotmid Funerals stores across Scotland contribute to raising a massive £130,000 just halfway into the partnership.

They join our fantastic partners DM Hall, Wilkies, Davidson’s Chemists and wonderful Trusts including Reo Stakis Charitable Foundation, RS MacDonald Charitable trust, PF Charitable Trust and Northwood Charitable Trust who have collectively helped generate £302,136 this year – more than double (145% increase) Corporate and Trust income from 2018/19.

In March 2020 Covid19 greatly impacted the income across fundraising with the cancellation of most events and the reduction in community fundraising. Working closely with the Communications team we quickly adjusted our fundraising proposition to communicate the context the charity finds itself in and the essential care we are providing to people with our conditions – including people affected by Covid19. We publicly highlighted that the charity was losing money because of the pandemic and that we needed support to maintain vital services. These messages were key parts of our ‘Scottish Buzz’ newsletter and Emergency Appeal which collectively raised £50,916 at the height of lockdown.

High quality stewardship and relationship building are the cornerstones of our fundraising approach at CHSS. Our supporters are more than donors. They are part of something bigger – a Scottish support network that helps one another and rallies to help the local community. This approach has become more important than ever during the pandemic. At the start of the pandemic the team focused on contacting donors to see if they needed help, thanking them for their support and signposting them to the Advice Line. Similarly, we have also encouraged our donors to become Kindness Volunteers to help those most in need in their communities.

As regards income generation, our events offer quickly changed to encouraging people to become ‘Stay at Home Heroes’ encouraging them to do everything from head shaves to running challenges in their garden. Our flagship event ‘Step Up Challenge’ rallied supporters to climb a Munro by walking up their stairs at home or using their permitted daily exercise. The virtual event was a big success raising £16,403.

The team have also been focused on applying to trusts and corporates, securing funds for our Hospital to Home services – especially supporting people who are at higher risk of Covid-19 or those directly affected by Coronavirus. Our efforts secured income of £500,000 from new sources in the first 2 months of the pandemic.

Fundraising continues to look at new ways to raise money with more events planned over the year that adhere to the latest Scottish Government guidance, plans to further build on our quality donor stewardship and bring more trusts and corporates to our cause.

Services

The services funded by our supporters make the difference between someone surviving their condition and really living.

In 2019/20 the Services function designed and implemented a new service model that would effectively encapsulate the ethos and deliver the ambition of No Life Half Lived.

This involved a model of CHSS service provision that would seek to ensure that people living with our conditions were enabled to live their life to full, supported at those key transition points in their journey and provided with the capacity to live with and manage their own condition.

This would be rolled out in the Highlands for the financial year 2020/21 and beyond, using this opportunity to test and learn from delivery and spread to other regions across Scotland.

In 2019/20 the Services Team provided support for 8500 people across our three main channels of delivery: Advice Line, Community Support Services and Stroke Nursing. This is in addition to the successful migration and improvement of the eLearning platform from which professionals and lay people across the world access modules to support continuous professional development and advice and guidance for people living with our conditions.

The delivery of our strategic objectives whilst checked by the emergence of Covid19 post year end and subsequent public health restrictions, have remained unchanged albeit that the method of implementation and channels for delivery are being actively shaped by the pandemic.

Both the switch to a virtual model of delivery and the emergence of the Hospital to Home service has enabled the charity to both broaden its reach beyond Stroke to our other conditions and provide us with the capacity to act on it without initial recourse to internal investment.

The new financial year has already demonstrated our ability to position the charity as a key component of a wider national response to Covid19, build new and lasting operational relationships with the Respiratory and Cardiac worlds and demonstrate the value of an alternative to face to face provision as a the main channel for service delivery within the charity.

People Driven Development

As at the end of 31st March 2020 we had 277 employees made up of 217 full time equivalents (FTE).

During the year we undertook and completed a Job Evaluation process to have a fair and open transparent pay and grading structure.

To support the process we developed a new Pay Policy, Succession Planning Policy and Performance Management Policy to embed across the organisation and support the delivery of our strategic and operational plans for the continued delivery of our No Life Half Lived Strategy.

To further develop our aim of being a human rights-based organisation we facilitated sessions for all of our staff on how we embed our values in all of our processes and what it means to be a people driven organisation.

Staff are communicated with regularly, keeping them informed of activities within the organisation. There is also a staff consultative committee, people development group and Health and safety committee which are cross organisational groups that provide useful information, look after the welfare and wellbeing of staff as well as ensuring views are listened to and incorporated into organisational plans. The Staff Governance Committee ensures trustees and staff members have the opportunity to come together.

Our people development group worked on a number of activities including a review of our learning and development policy and developed a new induction programme. We were also successful in securing further funding through the flexible workforce development fund to deliver six courses that aligned to our performance management approach.

We have delivered training to all employees on the new performance management process.

We have embedded a robust health & safety management system to ensure compliance with all legislation.

We undertook our annual staff satisfaction survey and the actions on areas for development have been shared with our Trustees, Staff Governance Committee, and the Staff Consultative Committee. A project group is responsible for supporting this and driving organisational change and further adopting a people driven approach..

Our people driven approach was further embedded across the organisation to ensure that our services users, carers, employees and volunteers were in engaged in all levels of strategic and operational decision making.

We held a national conference in partnership with Different Strokes focussed on people of working age who have had a stroke to understand what matters to them. The outcome was the design, development and delivery of new living well workshops for our services users and carers to support them to live their life to their full.

We undertook a review of our new Health Defence Project aimed at informing communities in Scotland in primary and secondary prevention of the conditions we support. An outcome was the development of new physical activity plan and an evaluation framework that is informing future plans for Health Defence.

We have created a new Physical Activity Strategy based on Scottish Government Guidance which was approved by the Executive Team to support embedding physical activity in our primary and secondary prevention plans. This strategy is supported by service users, peer groups and volunteers, further ensuring our people driven approach.

We continued to support our 141 peer groups across in Scotland who support over 4000 service users and 1000 volunteers. We undertook a research exercise to review the relationship of the groups with CHSS. This resulted in the creation of new models of support which were designed in partnership with our peer groups.

The new models will bring the peer groups closer to the organisation and will result in new opportunities for both peer group service users and CHSS – in increased support in research, fundraising and volunteering.

We also reviewed all Health and Safety processes for the peer groups to ensure compliance with legislation and insurance.

Our Community Hub programme links our retail stores, services, and the local community to ensure that we are reaching the most vulnerable people living with our conditions. We have 4 community hubs which had over 7000 people engaging with CHSS. This was a 19% increase from the last year. We worked with over 70 partners to ensure the voice of the local community was embedded into our review of the future of community hubs. We have engaged with colleagues in Health and Social Care, Local Authority and Third Sector to identify partnership opportunities.

In January 2020 we received our 4th re-accreditation of the UK Quality Standard Investing in Volunteers. We continue to rely on over 2,600 volunteers delivering over 240,000 hours of support with a gross economic contribution of £2.5 million. We continue to benefit from the skills input and energy that volunteers bring to the organisation and their inclusion on the Volunteering Strategy Group ensures that we are held to account in all aspects of our volunteering programme.

March 2020 saw significant challenges to the People Driven Directorate as we went into lockdown. We made use of the government furlough scheme and a program of 3 employee consultations commenced to contribute to cost savings required given the loss of income due to Covid19. We launched a national volunteer recruitment campaign to deliver acts of kindness to those who needed supported locally and recruited over 6000 volunteers across Scotland. Our 140 peer groups who provide support to over 5000 people pivoted from meeting face to face to being supported on new digital platforms.

Financial Review

The Consolidated Statement of Financial Activities for the year is set out on page 26 of the financial statements. The Charity's annual budget, approved by the Trustees, planned to operate at a deficit of approximately £846,000 for the year to 31 March 2020 (2019: deficit of £2,228,000). The Group's gross income from all sources was £11,007,094 (2019: £11,039,301) – a decrease of 0.3%. Income from legacies was £2.5m, down £300,00 from £2.8m in 2018-19. However, income from donations and gifts increased significantly from £1.1m to £1.7m. Income from Retail activities was £5.3m which was a slight increase from the £5.1m in 2018-19. There was a substantial decrease in the value of listed investments of £465,387 (2019: increase of £257,970), which led to a net negative movement in funds for the year of £583,106 (2019: £126,995).

Income generated from the Charity's patient services from the National Health Service, Local Authorities and the Scottish Government decreased by 29% to £852,411 (2019: £1,200,377). This decrease reflected the withdrawal from NHS Lanarkshire and Dumfries and Galloway. This amount of income, in addition to funding and investment for the Hospital to Home service in light of Covid19 demonstrates the value placed by statutory agencies on the services provided by the Charity, even in times of severe continuing restraint on public expenditure and a global pandemic.

Expenditure for the year for the group was £11,122,774, only £38,407 less than last year. Proportionally more was spent on raising fund than charitable activities due to a focus on our income generation to invest in charitable activities in future years. This investment has proven to be worthwhile given the success of fundraising during Covid19.

Investment policy and returns

In November 2012, the Charity appointed Brewin Dolphin as investment managers. During the eighth full year of this appointment, the relationship with Brewin Dolphin has resulted in total returns from investments, excluding management fees, of £119,500 (2019: £168,913). 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. During the year Brewin Dolphin have presented to the Finance committee and their position as our investment managers is constantly reviewed alongside performance and risk management. The decline in value of the investment portfolio is in line with the global market performance of investments, particularly as the impact of Covid19 was apparent in the March 2020 investment valuation.

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 £5.5 million. As at 31 March 2020, 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 £5.4 million. The Charity is therefore operating slightly below the parameters of its approved reserves policy.

This position was expected in 2019-20 as the Charity had budgeted a substantial deficit of £846,000. This was due to the Charity making a significant investment in reassessing its core objectives and in developing and securing future income streams. A large contributing factor to the reduction in reserves at the year-end was the decline in Investment value due to Covid19.

Details of restricted funds are given in Note 16 to the financial statements. As at 31 March 2020, the level of free reserves (defined as total funds less fixed assets and restricted reserves) stood at £1.436 million (2019: £1.245 million). It should be noted that the Charity's investment portfolio can be liquidated at short notice should such need ever arise.

£500,000 was liquidated from reserves in May 2020 to offset the loss of income from the closure of the shops due to Covid19. It was anticipated that a further £1m would be drawn down from investments over the duration of the pandemic but due to successful cost saving measures and receipt of funds in the first quarter of 2020-21 this is now unlikely to be required.

Key Performance Indicators (KPI)

In the Trustees' report for the prior year, a number of key performance indicators were set out, derived from the Charity's Strategic Plan, against which performance in the year to 31 March 2020 could be assessed. These KPI, 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 – *not achieved. Actual reserves (as calculated under the Reserves policy) at 31 March 2020 were £5.4m 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 3.5% for 2019-20.*

The KPI for 2020-21 remain the same as for 2019-20.

Going concern

Through review of detailed budgets and three year forecasts prepared by management, The Directors, through the Charity's Finance 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. Further work has been performed in light of the Covid19 outbreak to ensure that we have adjusted our forecasts and modelling to reflect the changed circumstances. Cash flow and performance against a revised post-Covid19 budget is reviewed monthly. We have taken appropriate cost saving measures to ensure long term sustainability of the organisation. Accordingly, the Directors consider it appropriate that the financial statements have been prepared on a going concern basis and are satisfied that confirmed funding and existing reserves, as well as mitigation taken to date, provides reasonable assurance that the charity can continue to operate for at least twelve months from the approval of these financial statements.

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.

The Chief Executive and Executive Directors have undertaken a comprehensive review of the risk register and additional risks have been identified as a result of Covid19. The risk register is presented to the 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 and retail income
- Identify future funding opportunities and ability to adapt and pivot our response
- PR strategy and Reputational Damage response plan
- Business continuity plan
- Covid risk management 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 where possible.
- Of the major strategic risks identified both the prolonged loss of income and loss of access to Head office occurred post year end due to Covid19 and the Charity responded effectively and mitigated the impact
- Responsibility for ongoing risk management should be delegated to the Audit & Risk Committee, with an annual report to the Board.

Management remuneration policies, procedures and practices

Senior Management staff remuneration is set by the Finance Committee which is currently made up of four Trustees and one co-opted member. The remuneration is benchmarked against fundraising, charity retail and NHS and uses indexes on good moves for sector comparatives.

At 31 March 2020, the Charity considered Key Senior Management to be the following:

Chief Executive:	Jane-Claire Judson
Director of People Drive Development	Paul Okroj
Director of Finance and IT	Rachel Ducker
Director of Service Delivery	Allan Cowie
Director of Communications	Lawrence Cowan
Director of Retail	Jay Hogarty
Director of Operations and Innovation	Dianne Haley

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

Structure, governance, and management

Chest, Heart and Stroke Scotland is a charitable company limited by guarantee and a registered charity. It was set up in its current iteration on 24 December 1990. Chest Heart and Stroke Scotland is governed by its Articles of Association. 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 Chief Executive is supported by the Executive Support Officer, who provides secretariat duties to the Board, sub-committees and their chairs. The Chair, Chief Executive and Executive Support Officer meet two weeks before each Board meeting to discuss any arising governance issues. The Chair and the Chief Executive combine formal communication through one to ones and regular meetings alongside informal regular communication on ongoing performance and alignment of activity with the strategy. The Chief Executive meets with the Director Team several times a week.

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.

Board of Trustees

The trustees, who are also directors under company law are elected by member of the Charity at the Annual General Meeting. New Trustees are recommended for appointment by the Board by the Nominations & Remuneration 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.

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.

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

The Board and its sub-committees meet regularly during the year. This helps trustees and Executive Directors to examine the Charity's strategic direction in more depth.

Trustees' Responsibilities Statement

The trustees (who are also directors of Chest Heart & Stroke Scotland for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP 2015 (FRS 102) (second edition – October 2019)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

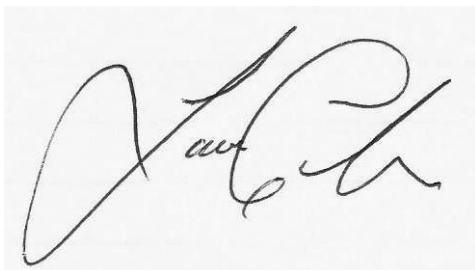
- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

The Trustees' report, including the Strategic Report was approved by the board of trustees and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J James Gibson', is written over a light grey rectangular background.

Name: J James Gibson

Date: 26th November 2020

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.

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

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

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.

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.

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

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

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.

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.

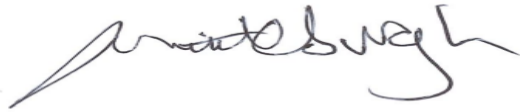
Use of our report

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.

THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)

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

24



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

1 December 2020

THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
For the year ended 31 March 2020

		Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	Note				£	£	£
Income							
<i>Donations and legacies:</i>							
Legacies		2,549,101	2,476	2,551,577	2,835,021	4,778	2,839,799
Donations and gifts		1,593,877	81,498	1,675,375	981,606	82,667	1,064,273
				-			
<i>Income from other trading activities:</i>							
Retail sales of donated goods and new products		5,298,915	-	5,298,915	5,106,737	-	5,106,737
Fundraising events		417,010	437	417,447	487,452	418	487,870
				-			
<i>Income from charitable activities:</i>							
	3	-	852,411	852,411	-	1,200,377	1,200,377
				-			
<i>Investment income</i>							
	4	125,268	-	125,268	174,047	-	174,047
				-			
<i>Other income:</i>							
Landlord contributions to fit out costs		-	135,000	135,000	4,748	158,400	163,148
Gain on sale of fixed assets		1,100	-	1,100	3,050	-	3,050
				-			
Total income		9,985,271	1,071,822	11,057,093	9,592,661	1,446,640	11,039,301
Expenditure							
<i>Expenditure on raising funds:</i>							
Fundraising		1,483,739	-	1,483,739	1,427,261	0	1,427,261
Retail costs		5,633,977	209,464	5,843,441	5,237,149	16,441	5,253,590
		7,117,716	209,464	7,327,180	6,664,410	16,441	6,680,851
<i>Expenditure on charitable activities:</i>							
Services		2,502,880	1,003,340	3,506,220	2,543,400	1,282,233	3,825,633
Research		-	-	-	146,643	4,289	150,932
Welfare		151,762	-	151,762	168,800	-	168,800
Influencing public policy		137,611	-	137,611	334,965	-	334,965
		2,792,253	1,003,340	3,795,593	3,193,808	1,286,522	4,480,330
Total Expenditure	5	9,909,969	1,212,804	11,122,773	9,858,218	1,302,963	11,161,181
Net income/ (expenditure) before investment gains and losses		75,302	(140,982)	(65,680)	-265,557	143,677	(121,880)
Other gains and (losses):							
Realised - (losses)/ gains on investments		(2,039)	-	(2,039)	(9,095)	-	(9,095)
Unrealised - (losses)/ gains on investments	10a	(465,387)	-	(465,387)	257,970	-	257,970
Net income/ (expenditure) and net movement in funds for the year		(392,124)	(140,982)	(533,106)	(16,682)	143,677	126,995
Reconciliation of funds							
Total funds brought forward		7,537,480	369,517	7,906,997	7,554,162	225,840	7,780,002
Total funds carried forward	16/17	7,145,356	228,535	7,373,891	7,537,480	369,517	7,906,997

The Statement of Financial Activities includes all gains and losses.

All amounts relate to continuing activities.

The notes on pages 29 to 41 form part of these financial statements.

THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)

**CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING
INCOME AND EXPENDITURE ACCOUNT)**
For the year ended 31 March 2020

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Income							
<i>Donations and legacies:</i>							
Legacies		2,549,101	2,476	2,551,577	2,835,021	4,778.00	2,839,799
Donations and gifts		1,593,877	81,498	1,675,375	981,606	82,667	1,064,273
<i>Income from other trading activities:</i>							
Retail sales of donated goods		4,920,506	-	4,920,506	4,744,342	-	4,744,342
Fundraising events		417,010	437	417,447	487,452	418.00	487,870
<i>Income from charitable activities:</i>							
Grants receivable	3	-	852,411	852,411	-	1,200,377	1,200,377
Investment income	4	124,697	-	124,697	173,610	-	173,610
<i>Other income:</i>							
Landlord contributions to fit out costs			135,000	135,000	4,748	158,400	163,148
Gain on sale of fixed assets		1,100		1,100	3,050	-	3,050
Total income		9,606,291	1,071,822	10,678,113	9,229,829	1,446,640	10,676,469
Expenditure							
<i>Expenditure on raising funds:</i>							
Fundraising		1,483,739	-	1,483,739	1,427,261	0	1,427,261
Retail costs		5,255,883	209,464	5,465,347	4,874,702	16,441	4,891,143
		6,739,622	209,464	6,949,086	6,301,963	16,441	6,318,404
<i>Expenditure on charitable activities:</i>							
Services		2,502,880	1,003,340	3,506,220	2,543,400	1,282,233	3,825,633
Research		-	-	-	146,643	4,289	150,932
Welfare		151,762	-	151,762	168,800	-	168,800
Influencing public policy		137,611	-	137,611	334,965	-	334,965
		2,792,253	1,003,340	3,795,593	3,193,808	1,286,522	4,480,330
Total Expenditure	5a	9,531,875	1,212,804	10,744,679	9,495,771	1,302,963	10,798,734
Net income/ (expenditure) before investment gains and losses		74,416	(140,982)	(66,566)	-265,942	143,677	(122,265)
Other gains and (losses):							
Realised - (losses)/ gains on investments		(2,039)	-	(2,039)	(9,095)	-	(9,095)
Unrealised - (losses)/ gains on investments	10a	(465,387)	-	(465,387)	257,970	-	257,970
Net income/ (expenditure) and net movement in funds for the year		(393,010)	(140,982)	(533,992)	(17,067)	143,677	126,610
Reconciliation of funds							
Total funds brought forward		7,536,393	369,517	7,905,910	7,553,460	225,840	7,779,300
Total funds carried forward	16/17	7,143,383	228,535	7,371,918	7,536,393	369,517	7,905,910

The Statement of Financial Activities includes all gains and losses.

All amounts relate to continuing activities.

The notes on pages 29 to 41 form part of these financial statements.

CONSOLIDATED AND CHARITY BALANCE SHEETS
For the year ended 31 March 2020

	Note	Group 2020	2019	Charity 2020	2019
			£		£
FIXED ASSETS					
Tangible fixed assets	9	1,677,917	1,311,265	1,677,917	1,311,265
Investments	10	3,981,694	4,980,933	4,181,594	5,180,833
Total Fixed Assets		5,659,611	6,292,198	5,859,511	6,492,098
CURRENT ASSETS					
Stocks	11	108,777	79,934	-	-
Debtors	12	1,053,028	2,009,572	1,385,862	2,295,423
Cash at bank and in hand		1,909,212	1,001,759	1,454,311	584,258
Total Current Assets		3,071,017	3,091,265	2,840,173	2,879,681
CREDITORS : amounts falling due within one year					
Research grants	13	114,260	220,459	114,260	220,459
Other creditors	14&15	1,013,489	988,491	984,517	977,894
		1,127,749	1,208,950	1,098,777	1,198,353
NET CURRENT ASSETS		1,943,267	1,882,315	1,741,395	1,681,328
TOTAL ASSETS LESS CURRENT LIABILITIES		7,602,878	8,174,513	7,600,906	8,173,426
CREDITORS : amounts falling due after more than one year					
Research grants	13	228,987	210,516	228,987	210,516
Accruals			57,000		57,000
NET ASSETS		7,373,891	7,906,997	7,371,919	7,905,910
THE FUNDS OF THE CHARITY:					
Restricted funds	16	228,535	369,517	228,535	369,517
Unrestricted funds	17	7,145,356	7,537,480	7,143,384	7,536,393
		7,373,891	7,906,997	7,371,919	7,905,910

The financial statements were approved and authorised for issue by the Board on 26/11/2020



J James Gibson Director

The notes on pages 29 to 41 form part of these financial statements.

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

CONSOLIDATED AND CHARITY STATEMENTS OF CASH FLOWS
For the year ended 31 March 2020

28

	Note	Group		Charity	
		2020	2019	2020	2019
		£	£	£	£
Net income		(533,106)	126,995	(533,992)	126,610
Profit on sale of tangible fixed assets		(1,100)	(3,050)	(1,100)	(3,050)
Realised Loss on sale of listed investments		2,039	9,095	2,039	9,095
Unrealised (Profit) Loss on listed investments		465,387	(257,970)	465,387	(257,970)
Investment income		(124,697)	(174,047)	(124,697)	(173,610)
Depreciation		277,415	289,427	277,415	289,427
Increase in stock		(28,843)	(4,018)	0	0
(Increase) Decrease in debtors		(177,429)	(177,429)	909,561	(234,270)
Decrease in creditors		(24,850)	(24,850)	(138,105)	(2,237)
Cash generated by operating activities		(145,184)	(215,847)	856,508	(246,005)
Cash flows from investing activities					
Dividend income		168,913	168,913	119,500	168,913
Interest income		5,634	5,134	5,197	4,697
Purchase of tangible fixed assets		(654,698)	(654,698)	(644,068)	(654,698)
Proceeds from sale of tangible fixed assets		3,050	3,050	1,100	3,050
Purchase of investments		(62,772)	(502,923)	(62,772)	(502,923)
Proceeds from sale of investments		1,039,493	1,039,493	109,571	1,039,493
Cash (used in) provided by investing activities		499,620	58,969	(471,472)	58,532
(Decrease) Increase in cash and cash equivalents in the year		354,436	(156,878)	385,036	(187,473)
Total cash and cash equivalents at the beginning of the year		1,676,346	1,676,346	1,101,967	1,289,440
Total cash and cash equivalents at the end of the year		2,030,782	1,519,468	1,487,003	1,101,967

Analysis of cash and cash equivalents	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Cash in hand	8,853	9,060	8,853	9,060
Notice Deposits (less than 3 months)	992,906	992,699	1,445,458	575,198
Cash held within investments	32,695	517,709	32,695	517,709
Total cash and cash equivalents	1,034,454	1,519,468	1,487,006	1,101,967

The notes on pages 29 to 41 form part of these financial statements

Analysis of changes in net debt Group

	2,019	Cash Flows	2,020
Cash and cash equivalents	1,519,468	(485,014)	1,034,454
Cash at bank and in hand	1,519,468	(485,014)	1,034,454

Analysis of changes in net debt Charity

	2,019	Cash Flows	2,020
Cash and cash equivalents	1,101,967	385,039	1,487,006
Cash at bank and in hand	1,101,967	385,039	1,487,006

THE CHEST HEART & STROKE ASSOCIATION SCOTLAND (limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 March 2020

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. COVID-19 has had a significant impact on the Charity however scenario planning and forecasting has taken place to mitigate the reductions in expected income. Income since April has been better than expected and indicates that projection may be more positive than originally forecast. 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.

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020**

1 ACCOUNTING POLICIES (continued)

Expenditure

Expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the financial statements. 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 eligible 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.

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020**

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.

THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020

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 2020	Deferred Income 2019 £	Amount Received 2020 £	Deferred Income 2020 £	Income 2020 £
Grants receivable from Health Boards, NHS Trusts and Local Authorities	47,987	853,678	(50,539)	851,126
Scottish Executive Health Directorate	-	1,285	0	1,285
	47,987	854,963	(50,539)	852,411

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	0	208,347
	99,824	1,148,540	(47,987)	1,200,377

4 INVESTMENT INCOME

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Income from Quoted Securities	119,500	168,913	119,500	168,913
Bank interest	5,768	5,134	5,197	4,697
	125,268	174,047	124,697	173,610

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020**

5 ANALYSIS OF TOTAL EXPENDITURE - GROUP

	Staff costs	Other costs	Support costs	Total 2020	Total 2019
£					
Expenditure on raising funds					
Fundraising	618,775	455,246	409,718	1,483,739	1,427,261
Retail costs	<u>2,084,522</u>	<u>2,438,389</u>	<u>1,320,529</u>	5,843,440	5,253,590
	<u>2,703,297</u>	<u>2,893,635</u>	<u>1,730,247</u>	7,327,179	6,680,851
Expenditure on charitable activities					
Services	2,147,376	612,595	746,249	3,506,220	3,825,633
Research grants	0	0	0	0	150,932
Welfare	15,475	97,541	38,746	151,762	168,800
Influencing public policy	<u>39,195</u>	<u>6,460</u>	<u>91,956</u>	137,611	334,965
	<u>2,202,046</u>	<u>716,596</u>	<u>876,951</u>	3,795,593	4,480,330
Total Expenditure	<u>4,905,343</u>	<u>3,610,231</u>	<u>2,607,198</u>	11,122,772	11,161,181

See Disclosure note group

Support costs by activity

	Staff costs	Other costs	Overhead costs	Total 2020	Total 2019
£					
Expenditure on raising funds					
Fundraising	101,963	13,698	294,057	409,718	372,860
Retail costs	<u>589,633</u>	<u>286,119</u>	<u>444,777</u>	1,320,529	809,762
	<u>691,596</u>	<u>299,817</u>	<u>738,834</u>	1,730,247	1,182,622
Expenditure on charitable activities					
Services	419,885	22,608	303,756	746,249	839,326
Research grants	0	0	0	0	1,337
Welfare	31,440	220	7,086	38,746	35,844
Influencing public policy	<u>39,195</u>	<u>6,460</u>	<u>46,301</u>	91,956	100,822
	<u>490,520</u>	<u>29,288</u>	<u>357,143</u>	876,951	977,329
Total Expenditure	<u>1,182,116</u>	<u>329,105</u>	<u>1,095,977</u>	2,607,199	2,159,951

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 £1,095,230 are governance costs of £17,056. (2019: £24,730).

Governance costs are made up as follows:	2020	2019
	£	£
Annual report/Strategic plan		1,214
Trustees expenses	2,278	965
Audit	14,560	13,520
Trustees meetings	14	2,276
Professional Fees		6,755
Corporate Govt costs	204	
	<u>17,056</u>	<u>24,730</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 £92,652 (2019: £93,146). 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 2020	Total 2019
£		£
Lanarkshire CAB	<u>2875</u>	<u>23,000</u>
	<u>2,875</u>	<u>23,000</u>

Please note the Lanarkshire CAB project ended on 17 May 2019 so residual payment made in financial year 19/20.

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020**

5a ANALYSIS OF TOTAL EXPENDITURE - CHARITY ONLY

	Staff costs	Other costs	Support costs	Total	
				2020	Staff costs
					£
Expenditure on raising funds					
Fundraising	618,775	455,246	409,718	1,483,739	655,492
Retail costs	2,084,522	2,438,389	942,436	5,465,347	2,094,995
	<u>2,703,297</u>	<u>2,893,635</u>	<u>1,352,154</u>	6,949,086	<u>2,750,487</u>
				0	
Expenditure on charitable activities				0	
Services	2,147,376	612,595	746,249	3,506,220	2,533,970
Research grants				0	578
Welfare	15,475	97,541	38,746	151,762	15,512
Influencing public policy	39,195	6,460	91,956	137,611	188,470
	<u>2,202,046</u>	<u>716,596</u>	<u>876,951</u>	3,795,593	<u>2,738,530</u>
				0	
Total Expenditure	<u>4,905,343</u>	<u>3,610,231</u>	<u>2,229,105</u>	10,744,679	<u>5,489,017</u>

Support costs by activity

	Staff costs £	Other costs £	Overhead costs £	Total	
				2020 £	2019 £
Expenditure on raising funds					
Fundraising	101,963	13,698	294,057	409,718	372,860
Retail costs	500,047	49,501	392,888	942,436	809,762
	<u>602,010</u>	<u>63,199</u>	<u>686,945</u>	1,352,154	<u>1,182,622</u>
Expenditure on charitable activities					
Services	419,885	22,608	303,756	746,249	839,326
Research grants				0	1,337
Welfare	31,440	220	7,086.08	38,746	35,844
Influencing public policy	39,195	6,460	46,301	91,956	100,822
	<u>490,520</u>	<u>29,288</u>	<u>357,143</u>	876,951	<u>977,329</u>
Total Expenditure	<u>1,092,530</u>	<u>92,487</u>	<u>1,044,088</u>	2,229,105	<u>2,159,951</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 are governance costs of £16,116 (2019:£19,597)

Governance costs are made up as follows:

	2020 £	2019 £
Annual report/Strategic plan	0	1,214
Trustees expenses	2,278	965
Audit	13,620	8,387
Trustees meetings	14	2,276
Professional Fees	204	6,755
	<u>16,116</u>	<u>19,597</u>

Welfare grants

Welfare grants were 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 during the financial year were £92,652 (2019: £93,146). 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 2020 £	Total 2019 £
Lanarkshire CAB	<u>2,875</u>	<u>23,000</u>
	<u>2,875</u>	<u>23,000</u>

Please note the Lanarkshire CAB project ended on 17 May 2019 so residual payment made in financial year 19/20.

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020**

6 ANALYSIS OF STAFF COSTS - GROUP AND CHARITY

Staff costs	Total 2020 £	Total 2019 £
Wages and salaries	5,689,349	5,763,261
Social security costs	425,270	468,201
Pension costs	314,669	339,218
Redundancy and Termination payments	36,570	23,888
	6,465,858	6,594,568

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

	2020 No	2019 No
Charitable activities	67	88
Retail	167	138
Fundraising and Influencing public policy	33	31
Management and administration of the charity	26	31
	293	288

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

	2020 No	2019 No
Between £60,001 - £70,000	4	1
Between £70,001 - £80,000	1	2

The employees earning more than £60,000 above participated in the defined contribution pension scheme and employer contributions in the year were £25,169 (2019: £15,633).

The key management personnel of the parent charity now comprises the Trustees, the Chief Executive, Director of Finance & IT (replaces Director of Corporate Services), Director of Service Delivery, Director of Retail, Director of Communications and Fundraising, Director of Operations & Innovation, Director of People Driven Development and Assistant Director of Fundraising

The total employee benefits of the key management personnel of the Charity were £551,032. (2019: £475,020).

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 £551,032. (2019: £475,020)

No Trustee received any remuneration from the charity, but a total of £2,202 was reimbursed (2019: £965) to 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 £2,598 (2019: £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:	2020 £	2019 £
Depreciation: owned fixed assets	277,415	289,427
Operating leases	979,370	907,051
Auditor's remuneration (including fees and expenses) - incoming auditors (Chiene + Tait LLP)	13,000	13000
Auditor's remuneration (including fees and expenses) - outgoing auditors (BDO LLP)	-	-1,100
Auditor's remuneration (in respect of other services provided) - Chiene + Tait LLP	975	975
Auditor's remuneration (in respect of other services provided) - BDO LLP	0	620

THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020

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 £335,000 (2019: £203,094) for the year ended 31 March 2020 amounted to £Nil (2019: £Nil).

9 TANGIBLE FIXED ASSETS

Group & Charity

	Freehold Land & Buildings	Office Equipment & Computers	Retail Improvements	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2019	125,707	165,222	1,879,582	173,999	2,344,510
Additions	-	80,078	563,990	0	644,068
Disposals	-	0	(110,255)	(65,075)	(175,330)
At 31 March 2020	125,707	245,300	2,333,317	108,924	2,813,248
Depreciation					
At 1 April 2019	74,699	130,835	658,694	169,018	1,033,246
Charge for the year	2,514	34,673	237,738	2490	277,415
Disposals	-	-	(110,255)	(65,075)	(175,330)
At 31 March 2020	77,213	165,508	786,177	106,433	1,135,331
Net book value					
At 31 March 2020	48,494	79,792	1,547,139	2,492	1,677,917
At 31 March 2019	51,008	34,387	1,220,888	4,982	1,311,265

Included within Retail Improvements are assets under the course of construction amounting to £273,626. (2019: £270,89) which are not depreciated until brought into operational use.

10 INVESTMENTS

a) Quoted Investments

	2020	2019
	£	£
Market value at 31 March 2019	4,463,224	4,750,914
Less : Disposals at opening book value	(111,610)	(1,048,583)
Add: Acquisitions at cost	62,772	502,923
Net unrealised investment (loss)/ gain for the year	(465,387)	257,970
Market value at 31 March 2020	3,948,999	4,463,224
Cash deposits held for investment	32,695	517,709
	3,981,694	4,980,933
Historical cost at 31 March 2020	3,730,960	3,803,298

The portfolio is split as follows:

	2020		2019	
	£	%	£	%
UK Equity based investments	1,139,329	0.3	3,720,877	74.7
Overseas Equity based investments	2,079,994	0.5		
UK Fixed Interest based investments	576,766	0.1	742,347	14.9
Overseas Interest based investments	152,910	0.0		
Short term deposits	32,695	0.0	517,709	10.4
	3,981,694	1.0	4,980,933	100.0

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020**

10 INVESTMENTS (continued)

As at 31 March 2020, the following individual holdings represented over 5% of total market value:

	Market Value at 31 March 2020		Market Value at 31 March 2019	
	£	%	£	%
Findlay Park FDS American - 4630 shares	431,130	10.80%	427,877	8.59%
J P Morgan AM UK Ltd US Equity Income - 339,990.494 shares	339,990	8.52%	374,330	7.52%

b) Investment in subsidiary undertaking

Cost at 1 April 2019 and 31 March 2020	<u>£</u> 199,900
Net book value at 31 March 2020 and at 31 March 2019	<u>199,900</u>

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	<u>100.00%</u>

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.

	2020 £	2019 £
Profit and Loss Account:		
Turnover	1,949,956	1,531,533
Cost of sales	<u>(1,454,275)</u>	<u>(1,140,191)</u>
Gross profit	495,681	391,342
Distribution costs	(89,586)	(114,714)
Administrative expenses	(51,888)	(73,776)
Interest income	571	437
Corporation Tax	-	190
Net profit retained	<u>354,778</u>	<u>203,479</u>
Distribution to Chest Heart & Stroke Scotland Ltd	<u>353,889</u>	<u>203,094</u>
Assets, liabilities and funds:		
Assets	565,005	498,955
Liabilities	<u>(363,132)</u>	<u>(297,971)</u>
Total funds	<u>201,873</u>	<u>200,984</u>

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 (2019: £1,038,535) of clothes sales into gift aided donations.

Both the gift aid and the gift aided sales are classified as donations rather than retail sales.

Retail donations also includes £44,868 (2019: £38,660) directly handed into our shops.

The Trading company charged the charity a management fee of £1,209,658 (2019: £958,044) 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.

THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020

11	STOCKS				
		Group	Group	Charity	Charity
		2020	2019	2020	2019
		£	£	£	£
	Goods held for resale	108,777	79,934	-	-

12	DEBTORS				
		Group	Group	Charity	Charity
		2020	2019	2020	2019
		£	£	£	£
	Other debtors	194,424	156,175	193,097	156,175
	Amounts owed by subsidiary undertaking	-	-	334,161	287,371
	Legacies receivable	542,206	1,198,003	542,206	1,198,003
	Prepayments and accrued income	316,398	655,394	316,398	653,874
		1,053,028	2,009,572	1,385,862	2,295,423

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

13	RESEARCH GRANTS				
		Chest	Heart	Stroke	Other projects
		£	£	£	£
	At 1 April 2019	-	159,646	121,334	149,996
	Grants written back during the year	-	(1,959)		(1,959)
	Grants paid during the year	-	(40,071)	(45,674)	(25)
		-	117,616	75,660	149,971
	Grants awarded during the year	-			343,247
	At 31 March 2020	-	117,616	75,660	149,971

No new awards were issued in year 19/20

	Group and Charity	
	2020	2019
	£	£
Research grants falling due within one year	114,260	220,459
Research grants falling due after more than one year	228,987	210,516
	343,247	430,975

14	OTHER CREDITORS falling due within one year				
		Group	Group	Charity	Charity
		2020	2019	2020	2019
		£	£	£	£
	Trade creditors	109,500	333,006	109,190	328,939
	Tax and social security costs	115,886	115,597	115,886	115,597
	Corporation tax	-	-	-	-
	Other creditors	181,761	128,731	167,905	128,731
	Deferred income - see note 15	185,842	107,788	185,842	107,788
	Accruals	420,500	303,369	405,694	296,839
		1,013,489	988,491	984,517	977,894

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020**

15 DEFERRED INCOME

	Group and Charity	
	2020	2019
	£	£
Deferred income at 1 April 2018	107,788	166,403
Released during the year	(68,917)	(140,098)
Income deferred in year	146,971	81,483
Deferred income at 31 March 2019	185,842	107,788
Deferred Income within 1 Year (see note 14)	185,842	107,788
Deferred Income greater than 1 Year	-	-
Total Deferred Income	185,842	107,788

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 2020 will be recognised as income next year (31 March 2019 - 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:

	Movement in Funds:			
	Balance			Balance
	31 March	Income	Expenditure	31 March
	2019	£	£	2020
	£	£	£	£
Community services	-	442,942	(380,847)	62,095
Volunteer Development	2,000		(2,000)	-
Research grants	-	17,922		17,922
Capital grants	209,464	135,000	(209,464)	135,000
Advice and Support	158,053	475,958	(620,493)	13,518
	369,517	1,071,822	(1,212,804)	228,535

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. In addition, funding continues 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.

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020**

17 UNRESTRICTED FUNDS

	Movement in Funds:						Balance 31 March 2020
	Balance 31 March 2019	Income	Expenditure	Gains/ (losses) on investments	Transfers		
	£	£	£	£	£	£	£
Group	7,537,480	9,985,271	(9,909,969)	(467,426)	0		7,145,356
Charity	7,536,393	9,606,291	(9,531,875)	(467,426)	0		7,143,383

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 2020					
Restricted funds	135,000	-	93,535		228,535
Unrestricted funds	1,542,917	3,981,694	1,849,732	(228,987)	7,145,356
	<u>1,677,917</u>	<u>3,981,694</u>	<u>1,943,267</u>	<u>(228,987)</u>	<u>7,373,891</u>
	£	£	£	£	£
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
	<u>1,311,265</u>	<u>4,980,933</u>	<u>1,882,315</u>	<u>(267,516)</u>	<u>7,906,997</u>
	£	£	£	£	£
Charity - 31 March 2020					
Restricted funds	135,000	-	93,535		228,535
Unrestricted funds	1,542,917	4,181,594	1,647,860	(228,987)	7,143,384
	<u>1,677,917</u>	<u>4,181,594</u>	<u>1,741,395</u>	<u>(228,987)</u>	<u>7,371,919</u>
	£	£	£	£	£
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
	<u>1,311,265</u>	<u>5,180,833</u>	<u>1,681,328</u>	<u>(267,516)</u>	<u>7,905,910</u>
	£	£	£	£	£

**THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2020**

19 FINANCIAL COMMITMENTS

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

	2020	2019 £
Land and buildings	2,516,801	2,654,248
Plant and machinery	204,865	245,275
Motor vehicles	26,156	35,966
	<u>2,747,822</u>	<u>2,935,489</u>

The above commitments are payable as follows:

		2019 £
Not later than one year	1,090,897	978,868
Later than one year and not later than five years	1,656,925	1,946,888
More than five years	0	9,733
	<u>2,747,822</u>	<u>2,935,489</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 2020	Group 2019 £	Charity 2020	Charity 2019 £
Financial assets:				
Financial assets held at fair value	3,948,999	4,463,224	3,948,999	3,948,999
Financial assets measured at amortised cost	2,678,537	3,209,857	2,756,370	3,279,627
	<u>6,627,536</u>	<u>7,673,081</u>	<u>6,705,369</u>	<u>7,228,626</u>
Financial liabilities:				
Financial liabilities measured at amortised cost	711,761	822,106	682,789	811,509

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.

22 Going concern and post balance sheet events – COVID 19

Subsequent to the year end the impact of the pandemic on the general economy and working environment has increased significantly. The potential effect on the finances and operational activities of the charity has been assessed by management and the board, and steps have been taken to mitigate these risks as set out in more detail in the Directors' Report. At this stage, while significant elements of grant funding forecast in respect of 2020-21 and 2021-22 beyond has been confirmed, uncertainty remains in terms of grant and fundraising income for 2021-22, as well as related costs. The Directors are satisfied that confirmed funding and existing high level reserves, as well as mitigations and opportunities taken to date, provides reasonable assurance that the charity can continue to operate for at least 12 months from the approval of these financial statements.