

LASC Childcare Services Ltd

Company number SC 197859

Charity registration number SC 024467

**REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Directors:	Mrs R West Ms S Gibbs Mrs C Anderson Ms J Hoeflich Ms T M Carter Mrs K Mackay Mrs D Stout Mrs S Smith Mrs J MacDonald (resigned 31 July 2018) I Smith Miss A Black Mrs L Quickfall
Treasurer:	Mrs R West
Secretary:	Irene Hogg
Chief Executive Officer:	Irene Hogg
Registered Office:	LASC Childcare Services Ltd Loanhead Centre George Avenue Loanhead Midlothian EH20 9LA
Auditors:	Christopher Spalding C.A James Anderson & Co Chartered Accountants Pentland Estate Straiton Edinburgh EH20 9QH
Charity Registration No:	SC 024467
Company No:	SC 197859
Governing Document:	Memorandum & Articles of Association

**Report of the Trustees
For the Year ended 31 March 2018**

The trustees, who are also the directors, present their report and financial statements for the year ended 31 March 2018.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS102).

Objectives and Activities

The company aims to provide a high quality, affordable child care service in which:

- Children are welcomed, valued and respected, in which they feel happy and secure and in which they feel involved.
- The needs of working parents and those in education or training are met.

Achievements and Performance**Charitable activities**

This year has been filled with mixed emotions for us all at LASC with saying farewell to our old building and the excitement of moving to our new one. We have celebrated with our photographic display Down Memory Lane on the past 23 years of LASC at the Loanhead Community Learning building at the old Paradykes Site. We held a number of events which finished off with the LASC Garden Party and Giant Sleep Over. We moved to our new building at the Loanhead Centre in August. This came with its trials and tribulations but the staff embraced the change and worked very hard to make the transition for our children as smooth as possible. The Nursery provision at the new centre which was purpose built to our specification is fantastic; each room having its own access to the garden has been a major plus for our nursery children. Unfortunately we realised very quickly that the provision for our school age children did not meet our needs to provide a high quality environment for our children, which the Care Inspectorate agreed thereby grading the environment as only adequate. This was due to there being no outdoor play space for the children to access and no direct sunlight in the play rooms. The opportunity arose for us, along with other interested parties to take over the Kabin in Loanhead. This involved a selection process and we were delighted when the Big Lottery chose the LASC.

We felt that this would give us an ideal setting to provide our out of school service, as it has its own soft play, music room, wellness studio, dance studio, sensory room, and arts and craft rooms that we could utilise along with a wonderful garden and outdoor spaces for the children to play and would also allow us to expand. We were delighted to be shortlisted and then went on to win the bid. This has allowed the After School Club, Holiday Club and Additional Needs Service to move in to the building at the end of 2017. There has been a large amount of remedial work that was needed to be done which we have been working through. We have a number of funding applications in to support us to complete all this necessary work. We are delighted to say that the children just love it and can see a very bright future for the newly named Link.

We have a highly trained, professional team who work with your children. All our personnel are continually updating their skills base through their Continuous Professional Development programme, and have all completed or are working towards a SVQ qualification, with three managers working towards their degree level in child care.

We have maintained our Gold award for Healthy Working Lives through NHS and hold the Investors in Young People accreditation. We continue with our Community Jobs program which has given two young people the opportunity this year to benefit from a work apprenticeship within the LASC services. We were delighted to offer three young people who were previous Community Job apprentice's permanent posts.

**Report of the Trustees (Continued)
For the Year ended 31 March 2018**

**Achievements and Performance continued
Key achievements in 2017/18**

LASC has achieved the following in the past year:

- Successfully moved into the new Community Hub to house the Community Nursery, Afterschool Club at Paradykes and central services of LASC in 2017
- Successfully moved Paradykes ASC, Holiday Club and additional needs Services to the Link
- Expansion of Additional needs Service to all projects
- Developed and expanded our transport membership scheme
- Two Community Job trainees placements
- Three Community Job trainees secured permanent posts with LASC
- Re structuring of our management team with Alan Duffin promoted to After School Operations Manager overseeing all our After School Clubs. Shelley Martin responsible for our day care nursery and wrap around care in all our settings. Johnny Hogg Lead practitioner for our additional needs and Paradykes After School Club at the Link. Helen Evan promoted to deputy office manager
- Successful LASC Down Memory Lane garden party
- Successful farewell Giant Sleep over at the LCLC
- CEO winning Scotland's Operations/Regional Director of the year at the Nursery Management Today (NMT) awards 2017
- Successful parents open days for nursery
- Maintained the Gold Healthy Working Lives Award
- Maintained IIYP accreditation
- New telephone and accounts system installed
- Positive restructure of Management Team
- Continual training & development of our LASC personnel with five staff graduating with formal childcare qualifications
- Continual growth of our communication & parent contact through the website, face book page, emailed newsletters & information boards
- CEO presented paper on LASC Additional Needs Service at World Play Conference in Calgary Canada.

Fundraising activities

Funds were secured to finance the following:

- Additional Needs Service & Breakfast Club pick up service
- Breakfast Club supplies
- Emergency remedial work at the LINK
- Sensory Garden at the LINK

**Report of the Trustees (Continued)
For the Year ended 31 March 2018****Financial review
Unrestricted funds**

Income for the year on the general fund was £687,001 (2017 - £698,521) and expenditure totalled £714,925 (2017 - £679,790) resulting in a deficit for the year of £27,924 (2017 – surplus £18,731). A transfer of £9,193 was made from the designated fund to cover the deficit on the general unrestricted fund. The balance on unrestricted funds at the year end is £158,204 (2017 - £186,128).

Restricted funds

Restricted income for the year was £67,851 (2017 - £48,507) and expenditure totalled £50,040 (2017 - £47,848) resulting in a surplus for the year of £17,811(2017 - £659). The balance on restricted funds at the year end is £29,774 (2017 - £11,963).

Principal funding sources

The charity's main source of income is of fees payable by parents and guardians of the children who attend the service. Further significant income is received from Midlothian Council for social work income and grants in relation to services provided to Midlothian Council. Community Jobs Scotland continued to provide financial assistance for apprenticeship provision and Big Lottery, Loanhead Community Tesco Bags and Groundworks UK helped finance the work required to develop the LINK.

Reserves policy

The board consider that the aim should be to have available funds to meet its obligations for three months running costs. This is equivalent to £178,731 and the free reserves and designated stability fund total £158,204.

Future plans

The coming year will be one of continued change as we implement our development plans. A financial business plan has been put in place to develop services with other user groups using the Link which forecasts increasing income over the coming year. The Organisation has also applied for a number of grants to support developments and Improve our space both indoors and outdoors.

We look forward to the continuing expansion of our services and ensuring the stability of our core services, and offering further opportunities to benefit the children and young people within our community.

Structure, governance and management**Governing document**

LASC Childcare Services Ltd is a company limited by guarantee governed by its Memorandum and Articles of Association as updated 24 September 2018. It is a registered charity with the Office of the Scottish Regulator.

Recruitment and appointment of new trustees

The trustees are recruited to maintain a balance of skills within the Board. As set out in the Articles of Association, all members of the Board are volunteer parents of the children attending the club. Trustees are appointed at the company's Annual General Meeting. Trustees can be co-opted during the year and these new appointments stand for re-election at the following Annual General Meeting.

Organisational structure

The board of trustees, which can have up to 12 members, administers the charity. A manager is appointed by the trustees to manage the day-to-day operations of the company. To facilitate operations, the manager has delegated authority, with terms of delegation approved by the trustees, for operational matters including finance, continuing operations and ongoing future projects. The board meet on average six times a year to review reports from the manager and to carry out management and financial reviews.

**Report of the Trustees (Continued)
For the Year ended 31 March 2018****Induction and training of new trustees**

New trustees are briefed on their legal obligations, the contents of the Memorandum and Articles of Association, the board and decision making process, the business plan and the recent financial performance of the charity. During the induction they will meet the other trustees and key members of staff.

Key management remuneration

The trustees consider the board of trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the company on a day to day basis. Details of the level of remuneration paid are disclosed within note 10 on page 16.

Senior management salaries are reviewed annually and increased in line with average staff increases. In view of the nature of the charity the senior staff salaries are benchmarked against similar organisations. Recruitment of senior staff has not been required recently due to low turnover of staff holding senior roles.

Related parties

Trustees do not receive remuneration or other benefit from their work with the company. Any connection between a trustee or a member of senior management of the company with an organisation or individual who provides significant grant income or supplies goods or services to the company must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

Risk management

The principal risks faced by the charity are those of the safety of children whilst in attendance and the financial sustainability of the charity as a whole. Independent reviews carried out by the Care Inspectorate ensure that the aims and policies of the company are being properly adhered to at each location. The company acts on any recommendations made by the Care Inspectorate to ensure the highest standard of care at all times.

Additional non financial risks are managed by ensuring accreditation is up to date in relation to health and safety for staff and children, food hygiene and fire.

The financial sustainability risk of the company is largely dependent upon the sufficient mitigation of risks in relation to the safe keeping of the children while in the care of the company.

Risks in relation to financial sustainability are low in respect of reliance upon any one benefactor. A significant portion of total income is received from Midlothian Council, though this is in relation to a number of children, the risk of losing all of this income in a short time frame is deemed unlikely. The company currently has waiting lists for childcare and can replace lost income relatively quickly where necessary.

An additional financial risk identified by the company is that of the bank deposits being held in a single bank. The trustees are currently looking at dividing deposits between two banks to mitigate this financial risk.

Report of the Trustees (Continued)
For the Year ended 31 March 2018

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing the financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Observe the methods and principles in the Charities Statement of Recommended Practice.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of Disclosure of Information to Auditors

In the case of each of the persons who are directors at the time when the directors report is approved:


- so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors James Anderson & Co CA, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

On Behalf of the Board



Ms S Gibbs
Trustee

14 November 2018

Independent Auditor's Report to the Trustees and Members of LASC Childcare Services Ltd**Opinion**

We have audited the financial statements of LASC Childcare Services Ltd (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related 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 charitable company's affairs as at 31 March 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 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 Report of the Directors, 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.

**Independent Auditor's Report to the Trustees and Members of LASC Childcare Services Ltd
(Continued)****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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Trustees and Members of LASC Childcare Services Ltd
(Continued)****Auditor's responsibilities for the audit of the financial statements**

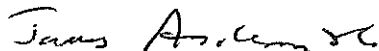
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 on 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.



Christopher Spalding (Senior Statutory Auditor)
For and on behalf of James Anderson & Co., Statutory Auditors, Pentland Estate, Straiton, EH20 9QH

James Anderson & Co is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

14 November 2018

**Statement of Financial Activities
(including Income & Expenditure Account)
For the Year ended 31 March 2018**

	Note	Unrestricted Funds General Fund £	Designated Fund £	Restricted Funds £	Total Funds 2018 £	Total 2017 £
Income from:						
Donations	3	9,098	-	-	9,098	5,901
Charitable activities						
- Childcare services		659,262	-	-	659,262	688,123
- Grants receivable	4	-	-	67,851	67,851	45,657
- Fundraising		9,392	-	-	9,392	6,932
Other trading activities	5	3,692	-	-	3,692	-
Investments		57	-	-	57	415
Other	6	5,500	-	-	5,500	-
Total income		<u>687,001</u>	<u>-</u>	<u>67,851</u>	<u>754,852</u>	<u>747,028</u>
Expenditure on:						
- Raising funds	7	173	-	-	173	1,013
- Charitable activities	8	714,752	-	50,040	764,792	726,625
Total expenditure		<u>714,925</u>	<u>-</u>	<u>50,040</u>	<u>764,965</u>	<u>727,638</u>
Net (expenditure) / income		(27,924)	-	17,811	(10,113)	19,390
Transfers between funds		9,193	(9,193)	-	-	-
Net movement in funds		<u>(18,731)</u>	<u>(9,193)</u>	<u>17,811</u>	<u>(10,113)</u>	<u>19,390</u>
Balance brought forward 31 March 2017	14	18,731	167,397	11,963	198,091	178,701
Balance carried forward 31 March 2018	14	<u>-</u>	<u>158,204</u>	<u>29,774</u>	<u>187,978</u>	<u>198,091</u>

The results set out above derive wholly from the continuing operations of the company.

Balance Sheet
As at 31 March 2018

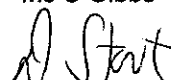
	Notes	2018 £	2017 £
Fixed Assets			
Tangible assets	11	43,793	23,166
Current Assets			
Trade debtors & prepayments	12	6,186	7,383
Bank		174,573	194,608
		180,759	201,991
Creditors			
Amounts falling due within one year	13	36,574	27,066
Net Current Assets		144,185	174,925
Total Assets less Current Liabilities		187,978	198,091
Fund Balances			
Unrestricted general fund	14	-	18,731
Unrestricted designated fund	14	158,204	167,397
Restricted funds	14	29,774	11,963
		187,978	198,091

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with Charities SoRP FRS102.

The financial statements on pages 10 to 19 were approved by and signed on behalf of the Board of Directors on 14 November 2018.



Ms S Gibbs Trustee



Mrs D Stout Trustee

Statement of Cash Flows
For the Year ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	7,017	23,830
Net cash provided by operating activities		<u>7,017</u>	<u>23,830</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(27,109)	(10,650)
Sale of tangible fixed assets		-	200
Interest received		57	415
Net cash used for investing activities		<u>(27,052)</u>	<u>(10,035)</u>
Net (decrease) / increase in cash and cash equivalents		(20,035)	13,795
Cash and cash equivalents at 31 March 2017		<u>194,608</u>	<u>180,813</u>
Cash and cash equivalents at 31 March 2018		<u>174,573</u>	<u>194,608</u>

Note to Cash Flow Statement

1. Reconciliation of net income to net cash flow from operating activities

Net (expenditure) / income	(10,113)	19,390
Depreciation charges	6,482	6,188
Interest received	(57)	(415)
	<u>(3,688)</u>	<u>25,163</u>
Decrease / (increase) in debtors	1,197	(3,534)
Increase in creditors	9,508	2,201
Net cash provided by operating activities	<u>7,017</u>	<u>23,830</u>

**Notes to the Financial Statements
For the Year ended 31 March 2018**

1. Statutory Information

LASC Childcare Services Ltd is a private, company limited by guarantee, governed by its Memorandum and Articles of Association as updated 24 September 2018. It is a registered charity with the Office of the Scottish Charity Regulator.

The presentation currency of the financial statements is the Pound Sterling (£)

2. Accounting Policies

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

a) Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

LASC Childcare Services Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

c) Income

Income is attributable to the one continuing activity, which is the provision of childcare services.

All income is recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

The charity receives fees for the provision of childcare. Fee income is recognised when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Donations and grants are recognised when they have been communicated in writing with notification of both the amount and settlement date. In the event that a donation or grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Interest on funds held on deposit is included upon notification of the interest paid or payable by the bank.

Notes to the Financial Statements (Continued)**d) Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

e) Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds are unrestricted funds of the charity which the directors have decided at their discretion to set aside for a specific purpose.

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

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

f) Tangible fixed assets and depreciation

Expenditure is capitalised as a fixed asset where it represents either a new fixed asset or enhancement to an existing asset. Depreciation is provided at the following annual rates in order to write off each asset over its expected useful life less estimated residual value:

Property	50 years straight line
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance
Computer equipment	25% straight line

g) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

i) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

j) Pensions

The company operates a defined contribution scheme. Contributions are charged to the Income and Expenditure Account in the year they arise.

Notes to the Financial Statements (Continued)**k) Taxation**

No provision for corporation tax is necessary as the company has charitable status and does not trade. The company suffers input VAT on some of its expenditure which it does not recover.

l) Operating leases

Rentals payable under operating leases are charged to the Income and Expenditure Account on a straight line basis over the period of the lease.

3. Income from donations & legacies

	2018 £	2017 £
Donations	9,098	5,901

4. Grants receivable

Play Midlothian (Special Needs)	18,686	11,023
The Robertson Trust (Play Therapy)	9,500	9,500
Midlothian Council Children & Families West (Breakfast Club)	7,271	4,836
Community Jobs Scotland	12,428	17,696
Midlothian Council (Youth Club)	-	2,602
Loanhead Community Tesco Bags (The LINK)	7,500	-
Big Lottery (The LINK)	9,966	-
Groundworks UK (The LINK)	2,500	-
<i>Total restricted grants received</i>	<u>67,851</u>	<u>45,657</u>

5. Other trading activities

Café income	3,692	-
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6. Other income

Insurance claim	5,500	-
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7. Expenditure on raising funds

Fundraising - Unrestricted fund	173	1,013
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8. Cost of charitable activities	2018	2017
	£	£
Wages	612,233	590,469
Social security	33,181	32,658
Pensions	14,603	5,861
Room hire and rental	6,860	1,453
Insurance	1,598	519
Telephone	3,846	2,387
Heat & light	1,612	-
Postage & stationery	2,768	3,134
Sundries	116	53
Staff uniforms	2,407	2,583
Upkeep equipment	17,565	20,083
Food	14,473	15,663
Vehicle expenses	6,920	6,372
Staff travel	154	236
Development manager	3,465	6,195
Professional fees	11,799	3,920
Conferences	261	1,453
Subscriptions	2,684	1,064
Outings	3,294	6,650
Play Therapy	11,507	11,762
Gifts to staff/team building	501	1,096
Training	662	995
Depreciation	6,482	6,188
Auditor's remuneration	4,218	3,780
Payroll processing fees	1,269	2,036
Board development costs	314	15
	<u>764,792</u>	<u>726,625</u>
Charged to - Unrestricted fund	714,752	678,777
- Restricted funds	<u>50,040</u>	<u>47,848</u>
9. Net (expenditure) / income		
This is stated after charging:		
Depreciation	6,482	6,188
Audit fee	4,098	3,780
10. Staff costs		
Wages	612,233	590,469
Social security costs	33,181	32,658
Pension costs	14,603	5,861
	<u>660,017</u>	<u>628,988</u>

No staff member is remunerated at a level in excess of £60,000 per annum. All trustees give of their time freely and no trustee remuneration was paid in the current or previous year. The charity paid £351 (2017 - £241) on behalf of the members of the board for provision of a Christmas meal. This was available to all members of the board.

The average monthly number of employees during the year was: 41 40

The key management personnel of the charity comprise the Head of Establishment, Office Manager and two Lead Practitioners. Their total benefits were £134,964 (2017: £134,225).

11. Tangible Fixed Assets

	Property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
31 March 2017	-	11,182	23,995	1,050	36,227
Additions	25,737	1,372	-	-	27,109
	<u>25,737</u>	<u>12,554</u>	<u>23,995</u>	<u>1,050</u>	<u>63,336</u>
31 March 2018	25,737	12,554	23,995	1,050	63,336
Depreciation					
31 March 2017	-	4,301	8,409	351	13,061
Charge for the year	-	1,239	4,980	263	6,482
	<u>-</u>	<u>5,540</u>	<u>13,389</u>	<u>614</u>	<u>19,543</u>
31 March 2018	-	5,540	13,389	614	19,543
Net Book Value					
31 March 2018	25,737	7,014	10,606	436	43,793
31 March 2017	-	6,881	15,586	699	23,166
	<u>-</u>	<u>6,881</u>	<u>15,586</u>	<u>699</u>	<u>23,166</u>

12. Debtors

	2018 £	2017 £
Trade debtors	6,186	6,812
Prepayments	-	71
Other debtors	-	500
	<u>6,186</u>	<u>7,383</u>

13. Creditors due within one year

	2018 £	2017 £
Trade creditors	-	2,848
Accruals	5,176	4,825
Other taxes & social security	10,107	9,667
Deferred income	21,291	9,726
	<u>36,574</u>	<u>27,066</u>

Deferred income represents fees received in advance of the provision of childcare services.

14. Statement of Funds

<i>Current Year</i>	Balance 31 March 2017 £	Incoming Resources £	Outgoing Resources £	Transfers Between Funds £	Balance 31 March 2018 £
Unrestricted funds					
General fund	18,731	687,001	(714,925)	9,193	-
Designated stability fund	167,397	-	-	(9,193)	158,204
<i>Total unrestricted funds</i>	186,128	687,001	(714,925)	-	158,204
Restricted funds					
Play Midlothian (Special needs)	-	18,686	(18,686)	-	-
Robertson Trust (Play Therapy)	2,277	9,500	(9,500)	-	2,277
Midlothian Council Children & Families West (Breakfast Club)	-	7,271	(7,271)	-	-
Community Jobs Scotland	-	12,428	(12,428)	-	-
Midlothian Council (Youth Club)	2,602	-	-	-	2,602
Big Lottery Fund (New nursery)	5,799	-	(870)	-	4,929
Scotmid (Breakfast fund)	1,285	-	(1,285)	-	-
The Link (Property fund)	-	19,966	-	-	19,966
<i>Total restricted funds</i>	11,963	67,851	(50,040)	-	29,774
Total funds	198,091	754,852	(764,965)	-	187,978
<i>Prior Year</i>	Balance 31 March 2016 £	Incoming Resources £	Outgoing Resources £	Transfers Between Funds £	Balance 31 March 2017 £
Unrestricted funds					
General fund	31,799	698,521	(679,790)	(31,799)	18,731
Designated stability fund	135,598	-	-	31,799	167,397
<i>Total unrestricted funds</i>	167,397	698,521	(679,790)	-	186,128
Restricted funds					
Play Midlothian (Special needs)	-	11,023	(11,023)	-	-
Robertson Trust (Play Therapy)	4,482	9,500	(11,705)	-	2,277
Midlothian Council Children & Families West (Breakfast Club)	-	4,836	(4,836)	-	-
Community Jobs Scotland	-	17,696	(17,696)	-	-
Midlothian Council (Youth Club)	-	2,602	-	-	2,602
Big Lottery Fund (New nursery)	6,822	-	(1,023)	-	5,799
Scotmid (Breakfast fund)	-	2,850	(1,565)	-	1,285
<i>Total restricted funds</i>	11,304	48,507	(47,848)	-	11,963
Total funds	178,701	747,028	(727,638)	-	198,091

The **unrestricted fund** is free to use in accordance with the objects of the Charity.

The **Designated stability fund** has been created as a stability fund by the directors for the purpose of ensuring the company can meet future salary payments.

The **restricted funds** are for use in terms of the grants awarded by the donors.

Source of funds:	Specific purpose
Play Midlothian (Special Needs)	For the inclusion of children with additional support needs in mainstream childcare
The Robertson Trust (Play Therapy)	To provide child-centred therapeutic services in local communities
Midlothian Council Children & Families West (Breakfast Club)	To provide healthy breakfasts for children
Community Jobs Scotland	Covering wage costs of creating jobs in Scotland's third sector for unemployed vulnerable young people
Big Lottery Fund (New Nursery)	To furnish the new nursery extension
Midlothian Council (Youth Club)	Salary support for Youth Club staffing
Scotmid (Breakfast Fund)	The provision of vouchers towards Breakfast Club
Loanhead Community – Tesco Bags The Big Lottery Fund Groundworks UK	To fund the development of 'The LINK'

15. Analysis of Net Assets between Funds

Current Year	Tangible fixed assets	Net current assets	Total
	£	£	£
Unrestricted general fund	18,898	(18,898)	-
Unrestricted designated fund	-	158,204	158,204
Restricted funds	24,895	4,879	29,774
	<u>43,793</u>	<u>144,185</u>	<u>187,978</u>
31 March 2018			
	<u>43,793</u>	<u>144,185</u>	<u>187,978</u>
Prior Year	Tangible fixed assets	Net current assets	Total
	£	£	£
Unrestricted general fund	17,367	1,364	18,731
Unrestricted designated fund	-	167,397	167,397
Restricted funds	5,799	6,164	11,963
	<u>23,166</u>	<u>174,925</u>	<u>198,091</u>
31 March 2017			
	<u>23,166</u>	<u>174,925</u>	<u>198,091</u>

16. Related party disclosures

Expenditure amounting to £1,559 was made on behalf of Loanhead Community Development Association, an organisation chaired by the Chief Executive Officer of the charity. This was fully reimbursed and the outstanding balance at the year end was £nil.