



# STRATEGIC REPORT TRUSTEES' REPORT & FINANCIAL STATEMENTS

31 March 2018



**NO LIFE HALF LIVED**



**CHEST HEART & STROKE SCOTLAND LTD**  
**(limited by guarantee)**

**STRATEGIC REPORT, TRUSTEES' REPORT AND**  
**FINANCIAL STATEMENTS**  
**31 March 2018**

**Charity Number: SC018761**  
**Company Number : SC129114**

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

**31 March 2018**

**DIRECTORS**

Dr Roger G Smith	(Chair to 26 July 2018)
Mr J James Gibson	(Chair from 26 July 2018)
Mrs Hazel W Robertson	(Vice Chair)
Dr J Douglas Stuart	(Vice Chair)
Dr Gill Alexander	
Dr Alan Begg	
Dr Gavin Boyd	(to 30 November 2017)
Dr Charlie Chung	
Prof Martin Dennis	(to 31 May 2018)
Theresa Douglas	
Aileen Easton	
Prof Gerry Fowkes	
Prof Simon Harris	
Dr Angie Jackson-Morris	(to 30 November 2017)
Prof Gordon Lowe	
Mrs Barbara Mitchelmore	
Mr Neil Pirie	
Janet Reid	
Prof Allan Struthers	
Mr Kenneth Walmsley	
Dr Keith Weston	
Mr John Wilson	(to 19 June 2017 and then from 30 November 2017)

**SECRETARY**

Ms Jane-Claire Judson	(from 30 November 2017)
Mr John Wilson	(from 19 June 2017 to 30 November 2017)
Mr Mark O'Donnell	(to 19 June 2017)

**REGISTERED OFFICE**

Rosebery House  
 9 Haymarket Terrace  
 Edinburgh  
 EH12 5EZ

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

**31 March 2018**

**INDEPENDENT  
AUDITOR**

BDO LLP  
Citypoint  
65 Haymarket Terrace  
Edinburgh  
EH12 5HD

**BANKERS**

Royal Bank of Scotland plc  
142-144 Princes Street  
Edinburgh  
EH2 4EQ

Bank of Scotland plc  
The Mound  
Edinburgh  
EH1 1YZ

Santander UK plc  
Bootle  
Merseyside  
L30 4GB

**INVESTMENT MANAGERS**

Brewin Dolphin  
Sixth Floor  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

**SOLICITORS**

Addleshaw Goddard  
Exchange Tower  
19 Canning Street  
Edinburgh  
EH3 8EH

The Trustees, who are also directors of the Charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 March 2018. The Trustees have adopted the provisions of Charities SORP (FRS102), UK GAAP FRS (102) and the Companies Act 2006 in preparing the annual report and financial statements of the Charity and Group.

### **Achievements, performance and future plans**

Every day in Scotland:

- 25 people will have a stroke
- 30 people will have a heart attack
- 46 people will be diagnosed with heart failure
- One in 11 people will struggle to breathe because of chronic chest illness

Chest, heart and stroke conditions account for 40% of all adult deaths in Scotland.

More people than ever before are living with chest and heart conditions and the impact of having a stroke. Across Scotland, over one million people – that's one in five of the population – are living with these effects.

This, combined with an ageing population, means that more and more people need our help. That's why we're dedicated to giving people support when and where they need it.

To ensure we reach more people during the last twelve months we have undertaken research into what our donors, volunteers and service users know about us including measuring our levels of engagement and how successful we are in providing the information and support they need.

This is the first time the organisation has done this on such a scale and the outcome led us to appointing Story, an award-winning, integrated Edinburgh agency, through a competitive pitch to be our strategic marketing partner for the creation of a new branding proposition.

Story's development of the proposition was informed by extensive consultation with over 150 internal and external stakeholders including staff, trustees, volunteers and service users.

The Unifying Emotional Proposition recently adopted is "a Scotland where everyone living with chest, heart and stroke conditions is supported to shape their future and live the life they want to lead." This will structure the organisational strategic direction over the next 5 years whereby:

- We want to help people breathe better.
- We want people's hearts to work as well as they can.
- We want to make sure that everyone has the best recovery after a stroke.

Our committed team of volunteers and staff work hard, day in day out to support people in their local communities. By 2021, we will double the number of people we support, so that more people can get the information, advice and services they need through our:

- Advice Line
- Stroke Nurses
- Rehabilitation Support
- Health Information
- Health Defence
- Education and E-learning
- Financial Advice and Support
- Peer Support Groups

### **Policy and Campaigning**

During 2017-18 we have continued our political engagement through a range of platforms. With our partners, the Chartered Society of Physiotherapy, we attended both the SNP and Scottish Labour conferences to hold events on the importance of rehabilitation and community support, supported by the Scottish Government's Minister for Public Health, Aileen Campbell, and by Labour's Shadow Health Spokesperson, Anas Sarwar. Both events highlighted the 'lived experience' of the people we support, and our campaign to improve access to pulmonary rehabilitation.

We continue to provide secretariat support for the Scottish Parliament's Cross Party Groups ('CPGs') on Volunteering, Lung Health and on Heart Disease & Stroke, which held an Inquiry on Atrial Fibrillation, culminating in the production of a report published in January 2018. With the British Lung Foundation we held an evening reception at Parliament in November 2017 to highlight World Chronic Obstructive Pulmonary Disease ('COPD') Day, and were supported by MSPs who held a Members Debate in Parliament. Issues discussed by the CPGs have included Rehabilitation, Psychological Support, Hypertension, Atrial Fibrillation, and Digital optimisation.

MSPs have visited a range of the Charity's services and shops within their constituencies, including Dumfries, Dundee, Nairn, Hawick, Eyemouth and Aberdeenshire. These are opportunities for MSPs to meet with our volunteers and service users, and to see the Charity in action. MSPs highlighted in Parliament the inequity in provision of pulmonary rehabilitation, leading to NHS Borders now providing some rehabilitation programmes.

The Charity submitted written evidence and consultation responses to the Scottish Parliament and Scottish Government on a range of issues during the year, including Air Quality, Obesity, Social Isolation and Loneliness, Brexit, and Human Rights. As a result, we were invited to provide oral evidence in formal sessions of the Health & Sport Committee, and the Human Rights & Equalities Committee.

The Charity also supported Marie Curie and MND Scotland in their successful campaign for amendments to be made to the Social Security Bill, enabling earlier access to benefits by people with terminal illness. Over twenty of our clinical contacts signed an open letter to the media highlighting the importance of this change, helping influence Government's decision to amend the Bill which was passed by Parliament in April 2018. This will particularly benefit people with advanced COPD or heart failure.

### **Strategy & Communications**

Every week we send press releases to local and national newspaper and publications highlighting the support we do in the community and asking people to volunteer, donate stock and fundraise for us.

Since statistics started to be provided by our media partner in June 2017, in the ten months to 31 March 2018, our readership reach was 25.48 million and the advertising equivalent cost would be in the region of £2.14 million.

### **Retail & Trading**

Continued investment in stores during 2017-18 led to 39 stores trading by the end of the year. Total income increased by 9% on the previous year although the surplus, after the allocation of central support costs, was down by 40%, partly due to taking the additional expense of opening new stores in the year.

Three of the new stores were opened as the Charity's Community Hubs, where local people can access the Charity's services close to home and where the Charity can engage, invest and give back to all aspects of the community.

A partnership with the Working4U Adult Learning and Literacies team is running in the Charity's Dumbarton Community Hub with the aim of improving the personal skills, confidence, health and wellbeing of learners accessing the Hub.

The Charity received recognition from the wider charity sector with Jay Hogarty, Director of Retail, listed as a finalist in the Leading Light category of the Scottish Charity Awards. This recognises someone "who has worked tirelessly to make a significant difference to one or more organisations or causes".

### **Retail & Trading (continued)**

CHSA Trading Ltd, the Charity's subsidiary, grew from £1.076m income in 2016-17 to £1.145m income in 2017-18. The main success story of 2017-18, compared to 2016-17, was growing purchased 'own goods' income during the year ('Everyday' cards income rose by 240% and Gifts income rose by 250%). This was achieved by using Scottish Artists designs to drive our Scottish Unique Selling Point. Christmas card profitability has remained steady and represents the company's most substantial income stream.

### **Fundraising**

We are hugely grateful to the thousands of people who have chosen to support the work of Chest Heart & Stroke Scotland in so many ways during 2017-18.

Legacies remain the Charity's single largest source of net income. They are critical, though highly variable, and after the extraordinary legacy income of 2016-17, which totalled £4.88m, we had a slow and nervous year. However, thanks in large part to a very generous legator in Bowling, Lanarkshire, who left her entire estate (worth almost £700,000) to Chest Heart & Stroke Scotland, we exceeded our target of £2.5m.

We received one large donation of almost £77,000 in May 2017. Gifts in memory of loved ones were up 13% on 2016-17 and reached over £300,000 for the first time: 12% of these donations came via the Charity's shops, demonstrating their value as the face of the Charity on the high street.

As a charity with three causes of death, increased In Memoriam income is not surprising and remains a focus for development, but it is good to know that making these gifts helps both the Charity and the donors, as they come to terms with their loss. 182 people have set up a Sapphire Tribute Fund since they were launched in April 2011, raising over half a million pounds. Over £200,000 of this is in memory of Steve Cully, mostly raised through the annual Tour de Lauder cycle event in the Borders, and the community fundraising team works closely with Rosie Cully and the Tour de Lauder committee.

We continue to make great strides in communities in the north of Scotland in terms of awareness and income. Over £45,000 (excluding Gift Aid) was raised from our partnership with the Beast Races, with two mud and obstacle runs organised by FireTrail Events, one near Inverness and one near Banchory, Aberdeenshire. These, and the Charity's organised runs in the north, act as a feeder to the Charity and participants often go on to support the Charity in other ways.

Over 5,000 people supported the Charity by taking part in an event, whether organised by us or a third party. Participant numbers were down by 7%, reflecting a reduced events programme. We decided that White Water Rafting was no longer sufficiently profitable given the time taken to organise the event, and were unable to abseil off either the Titan or Finnieston Cranes in Glasgow. Network Rail and Balfour Beatty's permission to abseil twice a year from the Forth Bridge (and their support on the day) is key in allowing us to run our biggest events, the two "Ultimate Abseils", which brought in over £200,000 (net of costs) in 2017-18.

Following the appointment of a new Corporate & Events Manager, we secured our first major charity partnership in October 2017 as one of 20 charities supported by the BrewDog Unicorn Fund. Income from this relationship is expected to flow from 2018-19 onwards.

We have secured a further three corporate partnerships which will fundraise in 2018-19: RaceFitness, TechnipFMC and Scottish Woodlands. We have had excellent relationships with Cornhill Castle, Northlink Ferries and McCrea Financial Services, and Turcan Connell kindly supported the launch event for our first St Andrew's Ball, which will take place in Edinburgh on 30<sup>th</sup> November 2018.

We are also grateful to The Northwood Charitable Trust (£8,500), The AMW Charitable Trust (£8,000) and the Mrs M H McMillan's Charitable Trust (£6,000), amongst others, for their on-going support.

### **Fundraising (continued)**

The General Data Protection Regulations (GDPR) came into force on 25<sup>th</sup> May 2018. Late advice from the Information Commissioner's Office made it clear that charities could rely on Legitimate Interest as the lawful basis for processing data in order to send newsletters and other marketing material by post. All electronic communications are governed by the Privacy and Electronic Communications Regulations and must be "opt-in". The biggest disadvantage of the new regulations is that donor recruitment will become more difficult and the face-to-face market will become increasingly crowded. The regulations will also make it more costly to let our stakeholders know about the work of the Charity and the opportunities for them to support the Charity. However, as email open-rates decline, there is an opportunity for the Charity to send supporters more durable communications by post.

The big opportunity in 2018-19 is the new, powerful messaging around our strategy and ambitions for the future: "No Life Half Lived: a matter of life and health". We know that personal experience of our conditions either in the family or amongst friends or colleagues motivates many of our supporters. We believe this messaging will resonate strongly with them and look forward to their continued support. We also believe it will help us engage with potential new supporters in a way that has not been possible before and, thus, grow our supporter base.

### **Services**

We have undertaken a major review of our services led by an "Agile Services Group". This group pulled together cross-departmental staff to (1) undertake a mapping exercise of the Charity's services, relationships, assets and activities across Scotland and, (2) make recommendations about future service development and improvements to existing services. Highlights from some of our service activities were:

#### **Rehabilitation Support Services**

- Supporting **1,225** stroke survivors through our community rehabilitation service.
- Launching a new pilot service to provide additional rehabilitation support to stroke survivors who are experiencing physical disability and challenges with everyday living as well as communication difficulties.
- Launching a new Physical Activity Project in the Western Isles, funded through the Charity's Innovation Fund.

#### **Stroke Nurse Service**

- Our nurses supported **5,564** stroke survivors and carers.

The first six months of a satisfaction survey on the quality of our Stroke Nurse Service indicated that:

- **22%** of service users **agreed** and **77.5%** of service users **strongly agreed** that the Charity's Stroke Nurse Service took account of the things that mattered to them.
- In the 6 months of the survey, **EVERY** respondent agreed that their Stroke Nurse treated them with respect.
- **297** out of 298 service users thought that the Charity's Stroke Nurse explained their condition to them in a way they understood.
- **98.6%** of service users would recommend the Charity's Stroke Nurse Service to others.

#### **Advice Line**

We received **2,093** Advice Line calls and evaluation demonstrated:

- **96%** felt the nurse was supportive.
- **100%** stated that the nurse used clear, understandable language.
- **85%** rated their satisfaction with the overall service as outstanding.
- **98.9%** would use the Advice Line again.

### **Services (continued)**

We distributed **127,150** health information leaflets via our website and NHS Health Boards.

Work began this year to ensure that our Services are able to demonstrate their impact. A framework for guiding our outcomes work was developed and satisfaction surveys were launched across the Stroke Nurse and Rehabilitation Support services to understand the quality of these services and how well they suited service user needs. This will be accompanied by work that will see the introduction of new measurement tools within these services. The Strategic Development Lead also took over the management of our Research Committee this year in order to ensure it has robust processes and plans in place to support a new era of research funding and, in addition, supported Services management staff with the formal procurement aspects of our Service Level Agreement renewals.

### **Corporate services**

We continue to be one of the largest volunteer involving organisations in Scotland. We have contributed to the Scottish Government's planned national framework for volunteering in Scotland. We rely on the support of over 1,500 volunteers who donate over 150,000 hours of their time in roles across the organisation with an economic benefit of almost £1.6 million.

Other highlights in the year include the Charity receiving Living Wage accreditation.

### **Financial Review**

The Statement of Financial Activities for the year is set out on page 17 of the financial statements. The Charity's annual budget, approved by the Trustees, planned to operate at a deficit of approximately £164,000 for the year to 31 March 2018 (2017: £387,000). The Group's gross income from all sources was £9,457,162 (2017: £11,613,249) – a decrease of 19%. This was mainly due to decreases in legacies income from £4,878,394 in 2016-17 to £2,648,323 in 2017-18 i.e. a decrease of £2,230,071. These, together with a decrease in the value of listed investments of £160,033 (2017: increase of £491,168), led to a net positive movement in funds for the year of £71,494 (2017: £2,947,075).

Income generated from the Charity's patient services from the National Health Service, Local Authorities and the Scottish Government decreased by 14.5% to £1,135,034 (2017: £1,327,265). This decrease reflected the end of several projects which had generated income of £163,000 in the previous year. However, such income in excess of £1 million during the year continues to demonstrate the value placed by statutory agencies on the services provided by the Charity, even in times of severe continuing restraint on public expenditure.

### **Investment policy and returns**

In November 2012, the Charity appointed Brewin Dolphin as investment managers. During the fifth full year of this appointment, the relationship with Brewin Dolphin has resulted in total returns from investments, excluding management fees, of £157,704 (2017: £184,034). As permitted by the Charity's Articles of Association, the Trustees have given the investment managers discretion to manage the portfolio within an agreed risk profile. It is the Charity's policy specifically to avoid investment in the tobacco industry.

### **CHSA Trading Limited**

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

### **Changes in tangible fixed assets**

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

### **Reserves**

The Trustees regularly review the Charity's reserves and as part of the current Strategic Plan, has a defined reserves policy. This takes into account a range of factors, including the unpredictability of legacy income, the need to maintain a buffer against unforeseen reductions in service income, fundraising income and retail income, the unpredictability of changes in markets on the investment portfolio and significant unforeseen costs of meeting certain legal obligations and commitments.

The objectives of the Charity's reserves policy are: -

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

The target level of reserves as approved by the Trustees as part of the Charity's reserves policy is £5.5m. As at 31 March 2018, the level of reserves under the policy (defined as total funds less the net book value of tangible fixed assets (see Note 9) and restricted reserves (see Note 16)) stood at £6.608 million. The Charity is therefore operating above the parameters of its approved reserves policy.

This position is expected to reverse in 2018-19 as the Charity is projected to make a substantial deficit in that year. This is due to the Charity making a significant investment in reassessing its core objectives and in developing and securing future income streams.

Details of restricted funds are given in Note 16 to the financial statements. As at 31 March 2018, the level of free reserves (defined as total funds less fixed assets and restricted reserves) stood at £1.844 million (2017: £1.657 million). It should be noted that the Charity's investment portfolio can be liquidated at short notice should such need ever arise.

### **Key Performance Indicators ('KPIs')**

In the Trustees' report for the prior year, a number of key performance indicators (KPIs) were set out, derived from the Charity's Strategic Plan, against which performance in the year to 31 March 2018 could be assessed. These KPIs, and progress against them, are as follows: -

- A minimum of 70% of total Charity expenditure (excluding retail expenditure) should be on charitable services – *achieved; charitable spend was 78% of total.*
- The Charity should operate within its agreed Reserves Policy, ensuring maximum use of resources for charitable purposes, while covering identifiable risks and liabilities – *achieved. Actual reserves (as calculated under the Reserves policy) at 31 March 2018 were £6.608m 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 3.4% for 2017-18.*

### **KPIs for 2018-19**

The following Key Performance Indicators have been identified against which to measure progress in the year to 31 March 2019: -

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

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**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. Accordingly, the Directors consider it appropriate that the financial statements have been prepared on a going concern basis.

**Principal risks and uncertainties**

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

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

The recent agreement on the New Ambition for CHSS raised a number of new opportunities and threats which needed to be assessed within the risk register. The Chief Executive and Executive Directors have therefore undertaken a comprehensive review of the risk register during the 2017-18 financial year and have made recommendations to the Finance and Audit Committee.

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

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

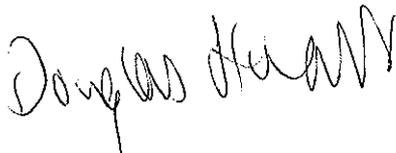
To mitigate these risks the Charity has in place;

- An effective fundraising strategy with an emphasis on diversity of income streams to reduce the dependency on legacy income.
- Investment in Strategic Development capacity which will identify funding opportunities.
- All events are fully risk assessed by suitably trained staff.
- PR strategy and Reputational Damage response plan.
- Business continuity plan.

The Board is satisfied that:

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

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



**Name: Dr J Douglas Stuart**

**Date: 30 August 2018**

**CHEST HEART & STROKE SCOTLAND LTD**  
**(limited by guarantee)**

**REPORT OF THE TRUSTEES**  
**for the year ended 31 March 2018**

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**TRUSTEES' REPORT**

**Structure, governance and management**

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

The Chairman of Council, the Charity's governing body, is Dr Roger Smith, re-elected in November 2016. The Chief Executive at 31 March 2018 was Ms Jane-Claire Judson (whom replaced Mr John Wilson, Interim Chief Executive, in November 2017). The registered office, which is the principal office of the Charity, is detailed on Page 1.

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

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

New Trustees are appointed by members of Council. 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 (maximum nine years), and that one third of the Trustees will come up for re-election or retiral each year at the AGM. A Trustee who has served for three consecutive terms must take a break from office, unless otherwise determined by a resolution of the trustees.

While the maximum length of unbroken service of any Trustee, in any capacity, would be normally nine years, if a Trustee becomes the Chair then the maximum length of unbroken service would be 14 years, i.e. a Trustee who became Chair after nine years would be eligible for one additional five year term as Chair. In order to ensure that the Council and Board of Trustees has the necessary spread of skills, Trustees will take account of any gaps in skills when appointing new Trustees.

In addition, the Charity can have Associate members known as 'members of CHSS Council'. These Associate members would, alongside Trustees, be members of CHSS Council, which is designed to be a larger strategic and advisory group that supports the Charity's decision making processes. Those co-opted to a CHSS committee would normally become an Associate member of this kind. The Board of Trustees of the Charity meets six times per year, with two of those occasions being joint meetings with Council.

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

All new Trustees receive induction (such as briefings) and are given 'core' documents. These can include the governing documents and policies of the Charity, terms of reference of the Council and its committees, latest financial statements and information and other documentation required e.g. strategic plans. Induction training

During 2018-19, a full governance review will be undertaken by the Charity.

# CHEST HEART & STROKE SCOTLAND LTD (limited by guarantee)

## REPORT OF THE TRUSTEES for the year ended 31 March 2018

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### Management remuneration policies, procedures and practices

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

At 31 March 2018, the Charity considered Key Senior Management to be the following:

Chief Executive:	Ms Jane-Claire Judson
Director of Corporate Services:	Mr Paul Bannon
Director of Services:	Mrs Margaret Sommerville
Director of Fundraising:	Mrs Penelope Blackwell
Director of Strategy and Communications	Mr Paul Okroj
Director of Retail	Mr Jay Hogarty

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

### Objectives and activities

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

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

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

Our main charitable activities are: -

- communication support for people affected by stroke, particularly those with speech and language difficulties (aphasia)
- the 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
- personal support grants and welfare benefits advice
- campaigning to Government, the NHS and other agencies on health issues
- representational activities on behalf of patients and carers.

### Statement of Trustees' Responsibilities

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

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

**CHEST HEART & STROKE SCOTLAND LTD**  
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**REPORT OF THE TRUSTEES**  
**for the year ended 31 March 2018**

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**Statement of Trustees' Responsibilities (continued)**

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

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

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

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

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

**Auditor**

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

**Systems of Control**

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

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

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**REPORT OF THE TRUSTEES**  
**for the year ended 31 March 2018**

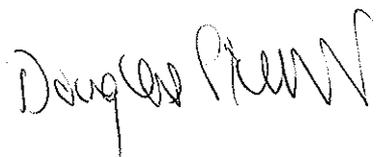
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**Systems of Control (continued)**

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

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

**The Report of the Trustees is approved by the board and signed on its behalf by:**



**Name: Dr J Douglas Stuart**

**Date: 30 August 2018**

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

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

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**Opinion**

We have audited the financial statements of Chest Heart and Stroke Scotland ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 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 flow 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 of the Parent Charitable Company's affairs as at 31 March 2018 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources 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, as amended in 2010.

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

**Conclusions related to going concern**

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

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

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

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

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**Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, 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, which are included in the Trustees' 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 the 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 Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- proper and adequate 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 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.

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

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

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**Responsibilities of Trustees**

As explained more fully in the statement of trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines 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 the 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 the Acts and relevant regulations made or having effect thereunder.

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 ("FRC's") website at:

<https://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 the Charities and Trustee Investment (Scotland) Act 2005. 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.

*BDO LLP*

*26 SEPTEMBER 2018*

Martin Gill (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Edinburgh, UK

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

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

for the year ended 31 March 2018

	Note	Unrestricted funds £	Restricted funds £	Total Unrestricted funds 2018 £	Restricted funds £	Total 2017 £	
<b>Income</b>							
<i>Donations and legacies:</i>							
Legacies		2,648,323	-	2,648,323	4,873,394	5,000	4,878,394
Donations and gifts		1,025,611	51,140	1,076,751	870,508	138,333	1,008,841
Retail gift aided sales and gift aid received		999,748	-	999,748	1,026,571	-	1,026,571
Fundraising events		564,721	-	564,721	717,193	2,479	719,672
		5,238,403	51,140	5,289,543	7,487,666	145,812	7,633,478
<i>Income from other trading activities:</i>							
Retail sales		2,787,464	-	2,787,464	2,453,660	-	2,453,660
<i>Income from charitable activities:</i>							
Grants receivable	3	-	1,135,034	1,135,034	-	1,327,625	1,327,625
Investment income	4	159,121	-	159,121	186,336	-	186,336
<i>Other income:</i>							
Landlord contributions to fit out costs		18,495	67,505	86,000	-	-	-
Gain on sale of fixed assets		-	-	-	12,150	-	12,150
<b>Total income</b>		8,203,483	1,253,679	9,457,162	10,139,812	1,473,437	11,613,249
<b>Expenditure</b>							
<i>Expenditure on raising funds:</i>							
Fundraising		1,198,750	6,749	1,205,499	1,220,118	6,749	1,226,867
Retail costs		3,627,498	-	3,627,498	3,187,178	-	3,187,178
		4,826,248	6,749	4,832,997	4,407,296	6,749	4,414,045
<i>Expenditure on charitable activities:</i>							
Services		2,545,798	1,314,577	3,860,375	2,884,739	1,437,197	4,321,936
Research		45,427	493	45,920	(5,339)	30,101	24,762
Welfare		208,823	-	208,823	259,695	-	259,695
Influencing public policy		275,916	-	275,916	176,004	-	176,004
		3,075,964	1,315,070	4,391,034	3,315,099	1,467,298	4,782,397
<b>Total Expenditure</b>	5	7,902,212	1,321,819	9,224,031	7,722,395	1,474,047	9,196,442
<b>Other gains and (losses):</b>							
Realised - (losses)/ gains on investments		(1,604)	-	(1,604)	39,100	-	39,100
Unrealised - (losses)/ gains on investments	10a	(160,033)	-	(160,033)	491,168	-	491,168
<b>Net income/ (expenditure) and net movement in funds for the year</b>		139,634	(68,140)	71,494	2,947,685	(610)	2,947,075
<b>Reconciliation of funds</b>							
Total funds brought forward		7,414,528	293,980	7,708,508	4,466,843	294,590	4,761,433
<b>Total funds carried forward</b>	16/17	7,554,162	225,840	7,780,002	7,414,528	293,980	7,708,508

All amounts relate to continuing activities.

The notes on pages 21 to 33 form part of these financial statements

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

for the year ended 31 March 2018

	Note	Unrestricted funds £	Restricted funds £	Total 2018 £	Unrestricted funds £	Restricted funds £	Total 2017 £
<b>Income</b>							
<i>Donations and legacies:</i>							
Legacies		2,648,323	-	2,648,323	4,873,394	5,000	4,878,394
Donations and gifts		1,025,611	51,140	1,076,751	870,508	138,333	1,008,841
Retail gift aided sales and gift aid received		1,282,398	-	1,282,398	1,163,571	-	1,163,571
Fundraising events		564,721	-	564,721	717,193	2,479	719,672
		<u>5,521,053</u>	<u>51,140</u>	<u>5,572,193</u>	<u>7,624,666</u>	<u>145,812</u>	<u>7,770,478</u>
<i>Income from other trading activities:</i>							
Retail sales		2,350,774	-	2,350,774	2,091,625	-	2,091,625
<i>Income from charitable activities:</i>							
Grants receivable	3	-	1,135,034	1,135,034	-	1,327,625	1,327,625
<i>Investment income</i>	4	159,041	-	159,041	186,198	-	186,198
<i>Other income:</i>							
Landlord contributions to fit out costs		18,495	67,505	86,000	-	-	-
Gain on sale of fixed assets		-	-	-	12,150	-	12,150
<b>Total income</b>		<u>8,049,363</u>	<u>1,253,679</u>	<u>9,303,042</u>	<u>9,914,639</u>	<u>1,473,437</u>	<u>11,388,076</u>
<b>Expenditure</b>							
<i>Expenditure on raising funds:</i>							
Fundraising		1,198,750	6,749	1,205,499	1,220,118	6,749	1,226,867
Retail costs		3,369,637	-	3,369,637	2,988,927	-	2,988,927
		<u>4,568,387</u>	<u>6,749</u>	<u>4,575,136</u>	<u>4,209,045</u>	<u>6,749</u>	<u>4,215,794</u>
<i>Expenditure on charitable activities:</i>							
Services		2,545,798	1,314,577	3,860,375	2,884,739	1,437,197	4,321,936
Research		45,427	493	45,920	(5,339)	30,101	24,762
Welfare		208,823	-	208,823	259,695	-	259,695
Influencing public policy		275,916	-	275,916	176,004	-	176,004
		<u>3,075,964</u>	<u>1,315,070</u>	<u>4,391,034</u>	<u>3,315,099</u>	<u>1,467,298</u>	<u>4,782,397</u>
<b>Total Expenditure</b>	5a	<u>7,644,351</u>	<u>1,321,819</u>	<u>8,966,170</u>	<u>7,524,144</u>	<u>1,474,047</u>	<u>8,998,191</u>
<b>Other gains and (losses):</b>							
Realised - (losses)/ gains on investments		(1,604)	-	(1,604)	39,100	-	39,100
Unrealised - (losses)/ gains on investments	10a	(160,033)	-	(160,033)	491,168	-	491,168
<b>Net income/ (expenditure) and net movement in funds for the year</b>		<u>243,375</u>	<u>(68,140)</u>	<u>175,235</u>	<u>2,920,763</u>	<u>(610)</u>	<u>2,920,153</u>
<b>Reconciliation of funds</b>							
Total funds brought forward		7,310,085	293,980	7,604,065	4,389,322	294,590	4,683,912
<b>Total funds carried forward</b>	16/17	<u>7,553,460</u>	<u>225,840</u>	<u>7,779,300</u>	<u>7,310,085</u>	<u>293,980</u>	<u>7,604,065</u>

All amounts relate to continuing activities.

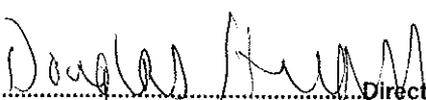
The notes on pages 21 to 33 form part of these financial statements

CONSOLIDATED AND CHARITY BALANCE SHEETS

as at 31 March 2018

	Note	Group 2018 £	2017 £	Charity 2018 £	2017 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	9	945,994	798,362	945,994	798,362
Investments	10	4,764,422	4,959,009	4,964,322	5,158,909
<b>Total Fixed Assets</b>		<b>5,710,416</b>	<b>5,757,371</b>	<b>5,910,316</b>	<b>5,957,271</b>
<b>CURRENT ASSETS</b>					
Stocks	11	75,916	12,806	-	-
Debtors	12	1,832,143	1,863,635	2,061,153	1,910,681
Cash at bank and in hand		1,662,838	1,712,885	1,275,932	1,368,770
<b>Total Current Assets</b>		<b>3,570,897</b>	<b>3,589,326</b>	<b>3,337,085</b>	<b>3,279,451</b>
<b>CREDITORS : amounts falling due within one year</b>					
Research grants	13	386,223	458,959	386,223	458,959
Other creditors	14	913,979	777,964	880,769	772,432
		<b>1,300,202</b>	<b>1,236,923</b>	<b>1,266,992</b>	<b>1,231,391</b>
<b>NET CURRENT ASSETS</b>		<b>2,270,695</b>	<b>2,352,403</b>	<b>2,070,093</b>	<b>2,048,060</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,981,111</b>	<b>8,109,774</b>	<b>7,980,409</b>	<b>8,005,331</b>
<b>CREDITORS : amounts falling due after more than one year</b>					
Research grants	13	102,791	250,151	102,791	250,151
Accruals		98,318	113,568	98,318	113,568
Deferred Income	15	-	37,547	-	37,547
<b>NET ASSETS</b>		<b>7,780,002</b>	<b>7,708,508</b>	<b>7,779,300</b>	<b>7,604,065</b>
<b>THE FUNDS OF THE CHARITY:</b>					
Restricted funds	16	225,840	293,980	225,840	293,980
Unrestricted funds	17	7,554,162	7,414,528	7,553,460	7,310,085
		<b>7,780,002</b>	<b>7,708,508</b>	<b>7,779,300</b>	<b>7,604,065</b>

The financial statements were approved and authorised for issue by the Board on 30 August 2018.

Dr J Douglas Stuart.....  Director

The notes on pages 21 to 33 form part of these financial statements

CONSOLIDATED AND CHARITY STATEMENTS OF CASH FLOWS

for the year ended 31 March 2018

Note	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Net income	71,494	2,947,075	175,235	2,920,153
Profit on sale of tangible fixed assets	-	(12,150)	-	(12,150)
Realised Loss (Profit) on sale of listed investments	1,604	(39,100)	1,604	(39,100)
Unrealised Loss (Profit) on listed investments	160,033	(491,168)	160,033	(491,168)
Investment income	(159,121)	(186,336)	(159,041)	(186,198)
Depreciation	186,958	163,553	186,958	163,553
Increase in stock	(63,110)	(6,450)	-	-
Decrease (Increase) in debtors	31,492	(1,092,440)	(150,472)	(1,136,302)
Decrease in creditors	(136,878)	(561,801)	(164,557)	(561,313)
<b>Cash generated by operating activities</b>	<b>92,472</b>	<b>721,183</b>	<b>49,760</b>	<b>657,475</b>
<b>Cash flows from investing activities</b>				
Dividend income	157,704	184,034	157,704	184,034
Interest income	1,417	2,302	1,338	2,164
Purchase of tangible fixed assets	(334,590)	(47,467)	(334,590)	(47,467)
Proceeds from sale of tangible fixed assets	-	12,150	-	12,150
Purchase of investments	(372,833)	(729,272)	(372,833)	(729,272)
Proceeds from sale of investments	411,542	689,725	411,542	689,725
<b>Cash (used in) provided by investing activities</b>	<b>(136,760)</b>	<b>111,472</b>	<b>(136,839)</b>	<b>111,334</b>
(Decrease) Increase in cash and cash equivalents in the year	<b>(44,288)</b>	<b>832,655</b>	<b>(87,079)</b>	<b>768,809</b>
Total cash and cash equivalents at the beginning of the year	1,720,634	887,979	1,376,519	607,710
<b>Total cash and cash equivalents at the end of the year</b>	<b>1,676,346</b>	<b>1,720,634</b>	<b>1,289,440</b>	<b>1,376,519</b>
<b>Analysis of cash and cash equivalents</b>	<b>2018</b>	<b>Group</b>	<b>Charity</b>	<b>2017</b>
	<b>£</b>	<b>2017</b>	<b>2018</b>	<b>£</b>
Cash in hand	8,444	£	8,444	8,020
Notice Deposits (less than 3 months)	1,654,394	8,020	1,267,488	1,360,750
Cash held within investments	13,508	1,704,865	13,508	7,749
<b>Total cash and cash equivalents</b>	<b>1,676,346</b>	<b>1,720,634</b>	<b>1,289,440</b>	<b>1,376,519</b>

The notes on pages 21 to 33 form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

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**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 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 the Charities SORP (FRS 102), the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Chest Heart & Stroke Scotland Ltd meets the definition of a public benefit entity under FRS 102. The Charity's functional and presentational currency is GBP. These financial statements have been rounded to the nearest £1.

**Accounting convention**

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

**Going concern**

Through review of detailed budgets and five year forecasts prepared by management, The Directors, through the Charity's Finance and Audit Committee have reviewed the Charity's financial position and have concluded that there are sufficient resources to manage any operational or financial risks, so it is reasonable to expect that the Charity will continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

**Basis of consolidation**

Consolidated financial statements have been prepared in respect of the charitable company ('the Charity') and its wholly owned subsidiary undertaking, CHSA Trading Limited. The results of the subsidiary are consolidated on a line by line basis. A summary of the trading results of the subsidiary is included at note 10 b) to the financial statements.

**Donations and legacies**

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

**Grants receivable**

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

**Dividends**

Dividends are accounted for on an accruals basis.

**Redundancy and termination of employment**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

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1 ACCOUNTING POLICIES (continued)

**Expenditure**

Expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts. Expenditure of raising funds include the costs incurred in generating donations and legacies, retail trading costs, fundraising event costs, investment management costs and publicity costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities. Charitable activities expenditure enables CHSS to meet its charitable aims and objectives. Governance costs are associated with the governance arrangements of the charity, and relate to the general running of the Charity at a strategic level. These costs include preparation of the annual report, audit, professional fees including legal advice for the Trustees and costs associated with meeting constitutional and statutory requirements such as the cost of Trustee meetings. Support costs are those costs which enable fund generating and charitable activities to be undertaken. These costs include finance, personnel, IT and PR. Where expenditure incurred relates to more than one cost category, it is apportioned. The method of apportionment uses the most appropriate basis in each case e.g. full time equivalent employee numbers for each department.

**Tangible fixed assets and depreciation**

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

Depreciation is provided at the following rates:

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

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

**Pension costs**

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

**Research grants payable**

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

**Leasing contracts**

Instalments on operating lease contracts are charged to the statement of financial activities when payable. There are no finance lease contracts.

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

**Stocks**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

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**1 ACCOUNTING POLICIES (continued)**

**Investments**

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

**Restricted funds**

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

**Financial instruments**

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

**Unrestricted funds**

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

**Cash and cash equivalents**

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

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

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

- Determine whether there are indicators of impairment of the group's retail improvements through an annual review of each retail shop's performance.
- Determine whether legacy income recognised in the financial statements meets the requirements of Charities SORP FRS 102 on the basis of evidence of entitlement, probability of receipt and reliability of measurement.
- Determine whether or not it is impractical to measure donated goods for sale at fair value on receipt. The Directors consider it is not practical to include a measure of fair value.
- Determine the ageing of research grants between those amounts payable in less than one year and those payable in more than one year. This is done with reference to the grant document which states the period over which the grant is awarded.

Other key sources of estimation uncertainty are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

2 STATUS OF THE COMPANY

Chest Heart & Stroke Scotland Ltd is a registered charity (no. SCO18761) 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 2018	Deferred Income 2017 £	Amount Received 2018 £	Deferred Income 2018 £	Income 2018 £
Grants receivable from Health Boards, NHS Trusts and Local Authorities	91,213	1,029,353	(26,277)	1,094,289
Scottish Executive Health Directorate	-	114,292	(73,547)	40,745
	<b>91,213</b>	<b>1,143,645</b>	<b>(99,824)</b>	<b>1,135,034</b>

Group and Charity - Year ended 31 March 2017	Deferred Income 2016 £	Amount Received 2017 £	Deferred Income 2017 £	Income 2017 £
Grants receivable from Health Boards, NHS Trusts and Local Authorities	122,029	1,130,153	(91,213)	1,160,969
Scottish Executive Health Directorate	147,247	19,409	-	166,656
	<b>269,276</b>	<b>1,149,562</b>	<b>(91,213)</b>	<b>1,327,625</b>

4 INVESTMENT INCOME

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Income from Quoted Securities	157,704	184,034	157,704	184,034
Bank interest	1,417	2,302	1,337	2,164
	<b>159,121</b>	<b>186,336</b>	<b>159,041</b>	<b>186,198</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

5 ANALYSIS OF TOTAL EXPENDITURE - GROUP

	Staff costs £	Other costs £	Support costs £	Total 2018 £	Total 2017 £
<b>Expenditure on raising funds</b>					
Fundraising	583,348	315,397	306,754	1,205,499	1,226,867
Retail costs	1,621,339	1,480,899	525,260	3,627,498	3,187,178
	<u>2,204,687</u>	<u>1,796,296</u>	<u>832,014</u>	<u>4,832,997</u>	<u>4,414,045</u>
<b>Expenditure on charitable activities</b>					
Services	2,742,768	397,587	720,020	3,860,375	4,321,936
Research grants	1,125	43,632	1,163	45,920	24,762
Welfare	15,153	178,013	15,657	208,823	259,695
Influencing public policy	180,483	31,425	64,008	275,916	176,004
	<u>2,939,529</u>	<u>650,657</u>	<u>800,848</u>	<u>4,391,034</u>	<u>4,782,397</u>
<b>Total Expenditure</b>	<u>5,144,216</u>	<u>2,446,953</u>	<u>1,632,862</u>	<u>9,224,031</u>	<u>9,196,442</u>

Support costs by activity

	Staff costs £	Other costs £	Overhead costs £	Total 2018 £	Total 2017 £
<b>Expenditure on raising funds</b>					
Fundraising	89,670	46,871	170,213	306,754	226,512
Retail costs	230,687	163,143	131,430	525,260	443,270
	<u>320,357</u>	<u>210,014</u>	<u>301,643</u>	<u>832,014</u>	<u>669,782</u>
<b>Expenditure on charitable activities</b>					
Services	315,318	171,803	232,899	720,020	763,338
Research grants	156	79	928	1,163	5,648
Welfare	2,102	1,064	12,491	15,657	1,500
Influencing public policy	46,176	16,699	1,133	64,008	46,298
	<u>363,752</u>	<u>189,645</u>	<u>247,451</u>	<u>800,848</u>	<u>816,784</u>
<b>Total Expenditure</b>	<u>684,109</u>	<u>399,659</u>	<u>549,094</u>	<u>1,632,862</u>	<u>1,486,566</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 PR. Under Support costs by activity above, within the Overhead costs of £549,094 are governance costs of £14,536 (2017: £12,951). In addition, included in Other costs above of £399,659, are governance costs of £12,966 (£5,038).

Under Retail costs - Other costs of £1,466,663 above, are further governance costs of £3,945 (2017: £4,585)

Governance costs are made up as follows:

	2018 £	2017 £
Annual report/Strategic plan	970	3,336
Trustees expenses	718	665
Audit	15,785	13,268
Trustees meetings	3,974	3,559
Professional Fees	10,000	1,746
	<u>31,447</u>	<u>22,574</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 £130,569 (2017: £184,340). 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 2018 £	Total 2017 £
Fife CAB	-	10,873
Lanarkshire CAB	46,385	46,385
	<u>46,385</u>	<u>57,258</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

5a ANALYSIS OF TOTAL EXPENDITURE - CHARITY ONLY

	Staff costs £	Other costs £	Support costs £	Total 2018 £	Total 2017 £
<b>Expenditure on raising funds</b>					
Fundraising	583,348	315,397	306,754	1,205,499	1,226,867
Retail costs	1,564,788	1,279,589	525,260	3,369,637	2,988,927
	<u>2,148,136</u>	<u>1,594,986</u>	<u>832,014</u>	<u>4,575,136</u>	<u>4,215,794</u>
<b>Expenditure on charitable activities</b>					
Services	2,742,768	397,587	720,020	3,860,375	4,321,936
Research grants	1,125	43,632	1,163	45,920	24,762
Welfare	15,153	178,013	15,657	208,823	259,695
Influencing public policy	180,483	31,425	64,008	275,916	176,004
	<u>2,939,529</u>	<u>650,657</u>	<u>800,848</u>	<u>4,391,034</u>	<u>4,782,397</u>
<b>Total Expenditure</b>	<u>5,087,665</u>	<u>2,245,643</u>	<u>1,632,862</u>	<u>8,966,170</u>	<u>8,998,191</u>

Support costs by activity

	Staff costs £	Other costs £	Overhead costs £	Total 2018 £	Total 2017 £
<b>Expenditure on raising funds</b>					
Fundraising	89,670	46,871	170,213	306,754	226,512
Retail costs	230,687	163,143	131,430	525,260	443,270
	<u>320,357</u>	<u>210,014</u>	<u>301,643</u>	<u>832,014</u>	<u>669,782</u>
<b>Expenditure on charitable activities</b>					
Services	315,318	171,803	232,899	720,020	763,338
Research grants	156	79	928	1,163	5,648
Welfare	2,102	1,064	12,491	15,657	1,500
Influencing public policy	46,176	16,699	1,133	64,008	46,298
	<u>363,752</u>	<u>189,645</u>	<u>247,451</u>	<u>800,848</u>	<u>816,784</u>
<b>Total Expenditure</b>	<u>684,109</u>	<u>399,659</u>	<u>549,094</u>	<u>1,632,862</u>	<u>1,486,566</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 PR. Under Support costs by activity above, within the Overhead costs of £549,094 are governance costs of £14,536 (2017: £12,951). In addition, included in Other costs above of £399,659, are governance costs of £12,966 (£5,038).

Governance costs are made up as follows:

	2018 £	2017 £
Annual report/Strategic plan	970	3,336
Trustees expenses	718	665
Audit	11,840	8,648
Trustees meetings	3,974	3,559
Professional Fees	10,000	1,781
	<u>27,502</u>	<u>17,989</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 £130,569 (2017: £184,340). 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 2018 £	Total 2017 £
Fife CAB	-	10,873
Lanarkshire CAB	46,385	46,385
	<u>46,385</u>	<u>57,258</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

6 ANALYSIS OF STAFF COSTS - GROUP AND CHARITY

	Total	Total
Staff costs	2018	2017
	£	£
Wages and salaries	5,086,285	4,989,947
Social security costs	429,297	423,051
Pension costs	308,495	305,539
Redundancy and Termination payments	55,498	190,945
	<u>5,879,575</u>	<u>5,909,482</u>

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

	2018	2017
	No	No
Charitable activities	95	105
Retail	112	99
Fundraising and Influencing public policy	30	26
Management and administration of the charity	24	21
	<u>261</u>	<u>251</u>

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

	2018	2017
	No	No
Between £60,001 - £70,000	1	1
Between £70,001 - £80,000	-	-
Between £80,001 - £90,000	-	1
Between £90,001 - £100,000	-	-

The employees earning more than £60,000 above participated in the defined contribution pension scheme and employer contributions in the year were £6,760 (2017: £13,409).

The key management personnel of the parent charity comprise the Trustees, the Chief Executive, Director of Corporate Services, Director of Services, Director of Fundraising, Director of Retail and the Director of Strategy & Communications. The total employee benefits of the key management personnel of the Charity were £431,642 (2017: £507,108).

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 £431,642 (2017: £507,108)

No Trustee received any remuneration from the charity, but a total of £718 (2017: £665) was reimbursed to 4 (2017: 4) Trustees for expenses incurred on behalf of the charity.

Since 1992 the charity has purchased insurance to protect it from any loss arising from the neglect or default of its Trustees or other officers and to indemnify the Trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year was £2,167 (2017: £2,157) 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:	2018	2017
	£	£
Depreciation: owned fixed assets	186,958	163,553
Operating leases	671,335	623,858
Auditor's remuneration (including fees and expenses)	12,040	12,022
Auditor's remuneration ( in respect of other services provided)	3,345	1,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

8 TAXATION

The company, being a charity, is eligible for exemption from tax under Section 505 Income and Corporation Taxes Act 1988. The charity's trading subsidiary, CHSA Trading Limited gift aids an amount equal to its taxable profit or, where it is less, the amount in the company's Profit & Loss reserve, to the Charity each year.

For the year ended 31 March 2018, the amount of gift aid is £119,000 (2017: £163,650). Both of these gift aid amounts are included in the Charity's statement of financial activities for the year ended 31 March 2018.

Corporation tax payable by CHSA Trading Limited for the year ended 31 March 2018 amounted to £14,236 (2017: tax receivable of £12)

9 TANGIBLE FIXED ASSETS

Group & Charity

	Freehold Land & Buildings £	Office Equipment & Computers £	Retail Improvements	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 April 2017	125,707	95,846	995,788	178,362	1,395,703
Additions	-	48,993	275,635	9,962	334,590
Disposals	-	-	-	-	-
<b>At 31 March 2018</b>	<b>125,707</b>	<b>144,839</b>	<b>1,271,423</b>	<b>188,324</b>	<b>1,730,293</b>
<b>Depreciation</b>					
At 1 April 2017	69,671	56,282	323,730	147,658	597,341
Charge for the year	2,514	36,113	125,410	22,921	186,958
Disposals	-	-	-	-	-
<b>At 31 March 2018</b>	<b>72,185</b>	<b>92,395</b>	<b>449,140</b>	<b>170,579</b>	<b>784,299</b>
<b>Net book value</b>					
At 31 March 2018	<b>53,522</b>	<b>52,444</b>	<b>822,283</b>	<b>17,745</b>	<b>945,994</b>
At 31 March 2017	56,036	39,564	672,058	30,704	798,362

Included within Retail Improvements are assets under the course of construction amounting to £99,760 (2017: £Nil) which are not depreciated until brought into operational use.

10 INVESTMENTS

a) Quoted Investments

	2018 £	2017 £
Market value at 31 March 2017	4,951,260	4,381,444
Less : Disposals at opening book value	(413,146)	(650,624)
Add: Acquisitions at cost	372,833	729,272
Net unrealised investment (loss)/ gain for the year	(160,033)	491,168
Market value at 31 March 2018	4,750,914	4,951,260
Cash deposits held for investment	13,508	7,749
	<b>4,764,422</b>	<b>4,959,009</b>
Historical cost at 31 March 2018	<b>4,252,156</b>	<b>4,330,093</b>

The portfolio is split as follows:

	2018 £	%	2017 £	%
UK Equity based investments	4,053,160	85.1	4,241,624	85.5
UK Fixed Interest based investments	697,754	14.6	709,636	14.3
Short term deposits	13,508	0.3	7,749	0.2
	<b>4,764,422</b>	<b>100.0</b>	<b>4,959,009</b>	<b>100.0</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

10 INVESTMENTS (continued)

As at 31 March 2018, the following individual holdings represented over 5% of total market value:

	Market Value at 31 March 2018		Market Value at 31 March 2017	
	£	%	£	%
Findlay Park FDS American - 4630 shares	354,477	7.44%	344,052	6.94%
J P Morgan AM UK Ltd US Equity Income - 117500 shares	325,915	6.84%	344,745	6.95%

b) Investment in subsidiary undertaking

Cost at 1 April 2017 and 31 March 2018	£ 199,900
Net book value at 31 March 2018 and at 31 March 2017	<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</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.

	2018 £	2017 £
<b>Profit and Loss Account:</b>		
Turnover	1,145,030	1,076,157
Cost of sales	(829,113)	(828,212)
Gross profit	<u>315,917</u>	<u>247,945</u>
Distribution costs	(56,552)	(43,260)
Administrative expenses	(66,279)	(40,766)
Interest income	79	139
Corporation Tax	(14,236)	12
Net profit retained	<u>178,929</u>	<u>164,070</u>
Distribution to Chest Heart & Stroke Scotland Ltd	<u>119,000</u>	<u>163,650</u>
<b>Assets, liabilities and funds:</b>		
Assets	472,541	356,923
Liabilities	(271,942)	(216,253)
Total funds	200,599	140,670

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 £773,512 (2017: £784,575) of clothes sales into gift aided donations. As a result, the charity has been able to claim £195,285 (2017: £211,812) of gift aid. Both the gift aid and the gift aided sales are classified as donations rather than retail sales. Retail donations also includes £30,951 (2017: £30,184) directly handed into our shops.

The Trading company charged the charity a management fee of £700,342 (2017: £706,122) for fundraising activities. The cost of sales increased by the same amount as the Trading company is charged with a share of the shop costs based on the proportion of gift aid sales to total sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

11	STOCKS	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
	Goods held for resale	<b>75,916</b>	12,806	-	-

The amount of inventory recognised as an expense in the year amounted to £128,771 (2017: £121,017)

12	DEBTORS	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
	Other debtors	<b>96,249</b>	45,462	<b>95,561</b>	45,462
	Amounts owed by subsidiary undertaking	-	-	<b>238,730</b>	47,046
	Legacies receivable	<b>1,345,476</b>	1,464,605	<b>1,345,476</b>	1,464,605
	Prepayments and accrued income	<b>390,418</b>	353,568	<b>381,386</b>	353,568
		<b>1,832,143</b>	1,863,635	<b>2,061,153</b>	1,910,681

13	RESEARCH GRANTS	Chest £	Heart £	Stroke £	Other projects £	Total £
	At 1 April 2017	32,892	276,356	333,715	66,147	709,110
	Grants written back during the year	(11,558)	(32,667)	(6,474)	(1,522)	(52,221)
	Grants paid during the year	(21,334)	(51,997)	(99,721)	(30,838)	(203,890)
	Grants awarded during the year	-	191,692	227,520	33,787	452,999
		-	-	36,015	-	36,015
	<b>At 31 March 2018</b>	<b>-</b>	<b>191,692</b>	<b>263,535</b>	<b>33,787</b>	<b>489,014</b>

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

University of Glasgow	£ 36,015
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	Group and Charity 2018 £	2017 £
Research grants falling due within one year	<b>386,223</b>	458,959
Research grants falling due after more than one year	<b>102,791</b>	250,151
	<b>489,014</b>	709,110

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

14 OTHER CREDITORS falling due within one year

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Trade creditors	204,254	156,556	191,549	155,901
Tax and social security costs	107,286	103,458	107,286	103,458
Corporation tax	14,236	-	-	-
Other creditors	122,368	47,750	122,368	47,750
Deferred income - see note 15	166,403	222,519	166,403	222,519
Accruals	299,432	247,681	293,163	242,804
	<b>913,979</b>	<b>777,964</b>	<b>880,769</b>	<b>772,432</b>

15 DEFERRED INCOME

	Group and Charity 2018 £	2017 £
Deferred income at 1 April 2017	260,066	348,297
Released during the year	(160,679)	(317,872)
Income deferred in year	67,016	229,641
<b>Deferred income at 31 March 2018</b>	<b>166,403</b>	<b>260,066</b>
Deferred income within 1 Year - see note 14	166,403	222,519
Deferred Income greater than 1 Year	-	37,547
<b>Total Deferred Income</b>	<b>166,403</b>	<b>260,066</b>

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 2018 will be recognised as income over one year (31 March 2017 - two years)

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 31 March 2018 £
	Balance 31 March 2017 £	Income £	Expenditure £	
Community services	-	445,152	(445,152)	-
Fundraising	6,749	-	(6,749)	-
Volunteer Development	6,275	-	(5,275)	-
Research grants	-	493	(493)	-
Capital grants	-	67,505	-	67,505
Advice and Support	281,956	740,529	(864,150)	158,335
	<b>293,980</b>	<b>1,253,679</b>	<b>(1,321,819)</b>	<b>225,840</b>

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.
- Fundraising restricted funds represent the depreciation of a van donated by Highland Cross which is used as part of the charity's fundraising activities in the North of Scotland.
- Volunteering Development restricted funds represent funds received to be used to produce informational videos to be placed on the charity's volunteer portal. This portal is the main tool used by the charity to communicate with its many volunteers.
- Research grants restricted funds represent donations received from mainly individuals where the individual has requested that their donation be used solely for research purposes.
- Capital grant restricted funds relates to landlord contributions to fit out costs incurred on the charity's retail operations. These funds will be set against future depreciation charges in relation to the retail improvements to which the contributions relate.
- Advice and Support restricted funds represents mainly grant amounts received from the Scottish Government and the Scottish Executive Health Directorate which are used to fund specified projects. Major projects during the year included Out of Hospital Cardiac Arrest ('OHCA'), Respiratory E-Learning resource ('RESPe') and Stroke Training and Awareness Resource tone management ('STARs TONE') - developing a module on the management of muscle tone and spasticity after stroke. In addition, restricted funds are also received from Health Boards, NHS Trusts and Local Authorities to partly fund our Stroke Nurse service which operates throughout Scotland. It also includes grants from Trusts and other bodies as well as donations from individuals where those parties have indicated that the monies are to be used solely for funding these educational services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

17 UNRESTRICTED FUNDS

	Balance 31 March 2017 £	Movement in Funds:			Transfers £	Balance 31 March 2018 £
		Income £	Expenditure £	Gains/ (losses) on investments £		
Group	7,414,528	8,203,483	(7,902,212)	(161,637)	-	7,554,162
Charity	7,310,085	8,049,363	(7,644,351)	(161,637)	-	7,553,460

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 £
<b>Group - 31 March 2018</b>					
Restricted funds	61,880	-	163,960	-	225,840
Unrestricted funds	884,114	4,764,422	2,106,735	(201,109)	7,554,162
	945,994	4,764,422	2,270,695	(201,109)	7,780,002
	£	£	£	£	£
<b>Group - 31 March 2017</b>					
Restricted funds	6,749	-	287,231	-	293,980
Unrestricted funds	791,613	4,959,009	2,065,172	(401,266)	7,414,528
	798,362	4,959,009	2,352,403	(401,266)	7,708,508
	£	£	£	£	£
<b>Charity - 31 March 2018</b>					
Restricted funds	61,880	-	163,960	-	225,840
Unrestricted funds	884,114	4,964,322	1,906,133	(201,109)	7,553,460
	945,994	4,964,322	2,070,093	(201,109)	7,779,300
	£	£	£	£	£
<b>Charity - 31 March 2017</b>					
Restricted funds	6,749	-	287,231	-	293,980
Unrestricted funds	791,613	5,158,909	1,760,829	(401,266)	7,310,085
	798,362	5,158,909	2,048,060	(401,266)	7,604,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2018

19 FINANCIAL COMMITMENTS

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

	2018 £	2017 £
Land and buildings	1,683,509	1,510,537
Plant and machinery	142,282	132,052
Motor vehicles	16,001	25,558
	<u>1,841,792</u>	<u>1,668,147</u>

The above commitments are payable as follows:

	2018 £	2017 £
Not later than one year	735,894	660,422
Later than one year and not later than five years	1,105,898	1,007,725
	<u>1,841,792</u>	<u>1,668,147</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 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Financial assets:				
Financial assets held at fair value	4,750,914	4,951,260	4,750,914	4,951,260
Financial assets measured at amortised cost	3,280,655	3,348,076	3,331,691	3,250,907
	<u>8,031,569</u>	<u>8,299,336</u>	<u>8,082,605</u>	<u>8,202,167</u>
Financial liabilities:				
Financial liabilities measured at amortised cost	724,372	565,555	705,398	560,023

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.



**NO LIFE HALF LIVED**

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[www.chss.org.uk](http://www.chss.org.uk)

Registered with and regulated by the Office of the Scottish Charity Regulator (no SC018761),  
Chest Heart & Stroke Scotland is a wholly Scottish charity. It also operates as CHSS and is registered in Scotland as a company limited by guarantee, no SC129114

