

Charity Registration No. 1078271

Company Registration No. 03761954 (England and Wales)

LEICESTER CHARITY ORGANISATION SOCIETY

REPORT AND ACCOUNTS

FOR THE PERIOD ENDED 30 MARCH 2019

**SOMERBYS LIMITED
CHARTERED ACCOUNTANTS
30 NELSON STREET
LEICESTER
LE1 7BA**

LEICESTER CHARITY ORGANISATION SOCIETY

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LEGAL AND ADMINISTRATIVE DETAILS

Trustees	R J Hudson (retired 07/01/2019) A H Jarvis (<i>Treasurer</i>) G Oliver (appointed 15/02/2019) C A Pharoah C E Smith (<i>Chairman</i>) Prof S M Sharma C T Saul C E Shevas
Secretary and Director of Operations	J A Munton
Director of Marketing and Fundraising	Mrs S McEniff
Charity number	1078271
Company number	03761954
Registered office and principal address	20a Millstone Lane Leicester LE1 5JN
Auditor	Somerbys Limited Chartered Accountants Statutory Auditor 30 Nelson Street Leicester LE1 7BA
Bankers	Lloyds Bank plc 7 High Street Leicester LE1 9FS
Investment Advisors	Rowley-Turton (IFA) Limited Charnwood House Harcourt Way Meridian Business Park Leicester LE19 1WP

**TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 MARCH 2019**

Administration Details

Leicester Charity Organisation Society, known as Charity Link, is a registered Charity and a Company limited by guarantee. The liability of members is limited to £1.00 per member in the event of winding up. Its registered office is as shown on Page 1.

The Directors, who act as Trustees, are shown on Page 1 together with the names of the principal external advisors.

Structure, Governance and Management

The governing document of the Charity is the Memorandum and Articles of Association incorporated on 28 April 1999 and amended by a special resolution on 30 October 2006.

Organisation

A board of Trustees, who meet quarterly, administer the Charity. A Director of Operations and a Director of Marketing and Fundraising are appointed by the Trustees to manage the day-to-day operations of the Charity.

Policies and procedures for induction and training of Trustees

New Trustees are appointed in accordance with the organisation's Articles of Association. They are also encouraged to meet with the Chairman, Director of Operations and Director of Marketing and Fundraising at the Charity's offices where they are provided with background information about the work carried out and introduced to the staff and volunteers. New Trustees are also offered training through local agencies in the role and responsibility of Trustees and good governance. An induction pack is given to each new Trustee containing the organisation's Memorandum and Articles of Association, together with information on the duties of Trustees and the latest published accounts and annual report.

Related parties

The Charity has common key personnel with R Daphne Plunket Charitable Trust, Leicester Indigent Old Age Society and the Mansion Trust (UK). Charity Link administers these charities. All other related parties and transactions can be found in note 18 of the Financial Statements.

Risk factors

The Trustees have continued to assess the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Since the year end, there has been a global pandemic from the outbreak of Covid 19. The impact became significant in the UK in March 2020 and continues to cause widespread disruption to normal patterns of business and social activity in the UK and globally. As a result of measures to combat the spread of the virus the UK has imposed restrictions on entities including the Charity sector. Although the offices of the Charity did not close the trustees are bound by government regulations as to how the Charity will operate in the future.

The Trustees are mindful of the risks presented by the Covid 19 outbreak and have taken steps to mitigate these.

Remuneration

The Finance and Remuneration Sub-Committee recommend to the Board of Trustees the annual pay awards for staff, including any performance-related enhancements in pay. The Board of Trustees is responsible for agreeing those recommendations.

TRUSTEES' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 MARCH 2019

Objectives and Activities

The Charity's objects are to relieve poverty and the distress arising therefrom, in particular, but not exclusively by:

- the provision of charitable and other grants;
- the provision of welfare benefits and budgeting advice;
- the provision of information and training for other agencies regarding welfare benefit claims;
- the provision of services (including trust administration) to assist charities in conducting their affairs;
- to facilitate co-operation between charities and other welfare agencies;
- to influence social policy makers and service providers.

Charity's aims

Leicester Charity Link's aim is to help ameliorate the lives of those people that are disadvantaged by financial hardship through the distribution of charitable grants and other services. The Charity provides an expert gateway to enable these people to access grants from the vast array of occupational, illness related and benevolent funds across the UK that are available to help people in need.

Strategies to achieve main objectives for the year

The strategies employed to assist the Charity to meet these objectives included the following:

- providing charitable grants to individuals in need
- providing charitable grants to projects working with disadvantaged people
- working in partnership with other agencies to maximise financial help available to beneficiaries

Criteria by which Charity measures its success

The Charity measures its success in the reporting period by reference to the achievement of grant income, expenditure control and the number of referrals.

Grant making policy

The Charity receives referrals from health, social care and educational agencies, charities and individuals. It raises grants to meet the needs of the most needy and vulnerable people in the community by raising funding from local and national charities and benevolent funds.

Significance of volunteer staff

Volunteers make a significant contribution to the Charity's activities, assisting with home visiting, promotion and the financial and general administration of the charity. Volunteers contributed 634 hours of their time to the Charity in the year.

Public benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

**TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 MARCH 2019**

They have referred to that guidance when reviewing aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trustees ensure that these activities are carried out for the public benefit by delivering services that are valued by the people we support and enable those with responsibility in the sector to develop and adopt best practice, thereby promoting a transparent and efficiently managed charity that engenders public confidence and trust.

Achievements and Performance*Achievement of objectives*

In order to achieve our objectives, the financial stability of the Charity needs to be sustained whilst at the same time meeting an increased demand for help from service users; this has been the principal focus of the Trustees over the last year. In the year, grants totalling £704,758 were secured (either through the charity or directly to the beneficiary) to help disadvantaged individuals and families, and institutions working with such people. In achieving this objective, the factors inside the control of the Charity are performances against targets for funding received under service agreements with the local authorities and Clinical Commissioning Groups; maintaining service standards for trusts under our administration; and the continued development of our IT systems, in order to reduce core costs and assist with proactive fundraising. The factors outside of our control are continued insecurity over funding from the local authorities and the Clinical Commissioning Groups, reduced income from donations and Trusts as a result of the current fundraising climate and fluctuations in the stock market. Plans to open a trading arm to supply low cost domestic appliances to the Charity's beneficiaries came to fruition and The Good Depot Limited began trading in January 2019; the objective being to assist a greater number of service users and improve our environmental impact. Any profits from the subsidiary company will be gifted to the Charity to contribute to long-term sustainability.

Fundraising activities

In order to meet its objects, the Charity engages in fundraising activities that generate incoming resources to fund its charitable activities. Those activities included, amongst others, the Leicestershire Three Peaks Challenge sponsored walk, The Curve Magical Christmas show, applications to charitable trusts seeking donations and the sale of Christmas cards and the like.

A fundraising target of £170,000 for the general administration of the Charity was set for the year and this was achieved. Expenditure for future income generation included the printing of publicity material for fundraising purposes and various promotional activities.

Investment policy

The Trustees have the power to invest in such assets as they see fit.

As permitted by the Charity's Memorandum and Articles of Association, the Trustees have given the investment managers discretion to manage the portfolio within an agreed risk profile.

Investment income

The income from the Leicester Children's Aid Association investments is distributed by the Charity to assist children in need in the area of benefit of the Association, thus meeting its charitable objects. Those funds contribute to the relief of poverty objective of the Charity through the provision of grants to assist poor children and young people in Leicester through educational and other awards.

Financial Review*Accounting period*

The Charity has prepared accounts to 30 March 2019.

TRUSTEES' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 MARCH 2019

Review of activities

During the year the Charity had total incoming resources of £872,374 (2018: £762,449) and there was a net increase in funds of £62,364 (2018: £84,840 decrease). The total restricted funds at the end of the period amounted to £230,565 (2018: £174,779), endowment funds amounted to £71,816 (2018: £71,868) and unrestricted funds (not designated for specific purposes) amounted to £68,427 (2018: £66,797). Note 15 to the accounts shows unrestricted fixed assets and investments of £187,600 (2018: £200,000); free reserves, as defined by SORP 2015, were therefore in deficit by £119,173 after taking account of the pension deficit liability of £256,000 (2018: £133,203 deficit after pension deficit liability of £305,000).

Reserves policy

It is the policy of the Charity that free reserves should be maintained at a level equivalent to three months unrestricted expenditure. The Trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity's current activities while consideration is given to ways in which additional funds may be raised. The FRS102 requirement to show the long-term pension deficit as a creditor in the accounts has had a detrimental effect on the charity's reserves reducing them below the level set in the reserves policy. However, the charity does have adequate cash to achieve the policy aim and it should be noted that the pension deficit poses no threat to the long-term concern of the Charity as it is covered by a long-term repayment plan and does not affect short-term cash flow.

It is the aim of the Charity that a sum be added to a designated property fund in each year provided that a sufficient operating surplus or free reserves warrant this. This fund is to be used for the purpose of purchasing freehold office accommodation for the Charity when the lease on its current premises comes to an end in 2034. The Trustees consider that, in this financial year, unrestricted funds are sufficient to allow an amount of £5,000 to be transferred.

Principal funding sources

Aside from funds secured on behalf of service users, the principal sources in the year were income from fundraising and grant aided arrangements with Leicester City Council, Leicestershire County Council and the Clinical Commissioning Groups. Grants were also received from a number of local and national charities to assist with the running costs of the Charity. In meeting the key objectives of the Charity some £408,989 was paid by way of grants to service users and a further 225 grants totalling £296,568 were remitted directly by the donor charity to individual service users following referral by ourselves.

Plans for Future Periods

The Trustees are committed to continue seeking out and giving grants to individuals and institutions, in a similar way to the recent past, and in order to relieve poverty and distress in Leicester, Leicestershire, Northamptonshire and Rutland. They will endeavour to ensure that help is provided across all areas and that no one area will have priority for funding. The Trustees are, however, aware that some groups of beneficiaries remain under-represented in their grant giving and efforts will be made to address this in the coming year. During the year the Charity continued to expand its work in Northamptonshire and it is the intention of the Trustees to undertake similar initiatives in other areas of the East Midlands should the opportunity arise. An important part of expanding the geographical reach of the Charity is its trading arm, The Goods Depot Limited. The Trustees intend to continue to scale up the trading of The Goods Depot Limited over the coming year in order that it achieves sustained profitability and becomes a net contributor to the Charity's operating income.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Leicester Charity Organisation Society for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

**TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 MARCH 2019**

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

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

The Trustees are responsible for keeping proper accounting records that 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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charity's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditor

A resolution proposing that Somerbys Limited be re-appointed as auditor of the Charity will be put to the Annual General Meeting.

This report has been prepared in accordance with the provisions applicable to companies' entitled to small companies exemptions.

On behalf of the board of Trustees

clive smith
clive smith (Aug 25, 2020 11:23 GMT+1)

CE Smith
Chairman

Date: 17 August 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LEICESTER CHARITY ORGANISATION SOCIETY**

Opinion

We have audited the financial statements of Leicester Charity Organisation Society (the charitable company) for the period ended 30 March 2019 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and 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 30 March 2019, 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.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LEICESTER CHARITY ORGANISATION SOCIETY (CONTINUED)**

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 (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report 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 directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Charity, 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 in preparing the trustees' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 5 and 6, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of 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 MEMBERS OF LEICESTER CHARITY ORGANISATION SOCIETY (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marcus Dockerty

Marcus Dockerty (Aug 25, 2020 13:25 GMT+1)

**Marcus Dockerty FCA FCCA (Senior Statutory Auditor)
For and on behalf of Somerbys Limited**

17 August 2020

Chartered Accountants
Statutory Auditor

30 Nelson Street
Leicester
LE1 7BA

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
PERIOD ENDED 30 MARCH 2019**

	Unrestricted Funds	Restricted Funds	Designated Funds	Endowment Funds	Total 2019
Notes					
<u>Income from:</u>					
Voluntary Income	2	272,207	452,388	-	724,595
Administration fees		52,599	-	-	52,599
Investment income	3	15,187	2,757	-	17,944
Incoming resources from charitable activities	4	51,638	25,598	-	77,236
Total income		391,631	480,743	-	872,374
<u>Expenditure on:</u>					
Raising funds	5	86,108	575	-	86,683
Charitable Activity					
Relief of poverty	5	298,688	434,587	-	733,275
Total expenditure		384,796	435,162	-	819,958
Realised gain/(loss) on Investment assets		-	-	181	181
Unrealised gain/(loss) on investment assets	16	-	-	(233)	(233)
Net income/(expenditure)		6,835	45,581	(52)	52,364
Transfers between funds	19	(15,205)	10,205	-	-
		(8,370)	55,786	(52)	52,364
Pension deficit adjustment	13	10,000	-	-	10,000
Net movement in funds		1,630	55,786	(52)	62,364
Fund balances at 1 April 2018		66,797	174,779	71,868	348,444
Fund balances at 30 March 2019		£68,427	£230,565	£71,816	£410,808

All income and expenditure is derived from continuing activities. The statement of financial activities includes all gains and losses recognised during the year.

See page 11 for corresponding figures for 2018.

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted Funds	Restricted Funds	Designated Funds	Endowment Funds	Total 2018
<u>Income from:</u>						
Voluntary Income	2	256,116	349,814	-	-	605,930
Administration fees		32,954	-	-	-	32,954
Investment income	3	14,597	2,695	-	-	17,292
Incoming resources from charitable activities	4	51,929	54,344	-	-	106,273
Total income		355,596	406,853	-	-	762,449
<u>Expenditure on:</u>						
Raising funds	5	70,533	590			71,123
Charitable Activity						
Relief of poverty	5	256,910	517,809	-	-	774,719
Total expenditure		327,443	518,399	-	-	845,842
Realised gain/(loss) on Investment assets		-	-	-	21	21
Unrealised gain/(loss) on investment assets		-	-	-	(2,468)	(2,468)
		28,153	(111,546)	-	(2,447)	
Net income/(expenditure)		28,153	(111,546)	-	(2,447)	(85,840)
Transfers between funds		(5,000)	-	5,000	-	-
		23,153	(111,546)	5,000	(2,447)	(85,840)
Pension deficit adjustment		1,000	-	-	-	1,000
Net movement in funds		24,153	(111,546)	5,000	(2,447)	(84,840)
Fund balances at 1 April 2017		42,644	286,325	30,000	74,315	433,284
Fund balances at 31 March 2018		£66,797	£174,779	£35,000	£71,868	£348,444

All income and expenditure is derived from continuing activities. The statement of financial activities includes all gains and losses recognised during the year.

**BALANCE SHEET
AT 30 MARCH 2019**

	Notes	<u>2019</u>	<u>2018</u>
Fixed assets			
Tangible assets	9	187,500	200,000
Investments	10	69,003	69,461
Investment in subsidiary	10	100	-
		<hr/>	<hr/>
		256,603	269,461
Current assets			
Debtors	11	184,384	63,324
Cash at bank and in hand		301,346	376,881
		<hr/>	<hr/>
		485,730	440,205
Creditors: amounts falling due within one year	12	<hr/> (117,525)	<hr/> (95,222)
Net current assets		368,205	344,983
Creditors: amounts falling due after one year	13		
Pension scheme deficit liability		<hr/> (214,000)	<hr/> (266,000)
Total assets		<hr/> <hr/> £410,808	<hr/> <hr/> £348,444
Capital fund			
Endowment	15	71,816	71,868
Designated funds	16	40,000	35,000
Income funds			
Restricted funds	14	230,565	174,779
Unrestricted funds		68,427	66,797
		<hr/>	<hr/>
		£410,808	£348,444
		<hr/> <hr/>	<hr/> <hr/>

These financial statements have been prepared in accordance with the provisions to companies subject to the small companies regime.

These accounts were approved by the Trustees on 17 August 2020.

Signed on behalf of the Trustees,

clive smith

clive smith (Aug 25, 2020 11:23 GMT+1)

CE Smith
Chairman
Company Registration No. 03761954

STATEMENT OF CASHFLOWS
PERIOD ENDED 30 MARCH 2019

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Cash flow from operating activities			
Cash outflow from operations	23	(93,785)	(199,652)
		<hr/>	<hr/>
Net cash flow from operating activities		(93,785)	(199,652)
		<hr/>	<hr/>
Cash flow from investing activities			
Payments to acquire investments		(14,117)	-
Receipts from sales of investments		14,423	503
Investment income received		17,944	17,292
		<hr/>	<hr/>
Net cash flow from investing activities		18,250	17,795
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(75,535)	(181,857)
Cash and cash equivalents at 1 April 2018		376,881	558,738
		<hr/>	<hr/>
Cash and cash equivalents at 30 March 2019		<u>£301,346</u>	<u>376,881</u>
		<hr/>	<hr/>
Cash and cash equivalents consists of:			
Cash at bank and in hand		301,346	376,881
		<hr/>	<hr/>
Cash and cash equivalents at 30 March 2019		<u>£301,346</u>	<u>£376,881</u>

NOTES TO THE ACCOUNTS
PERIOD ENDED 30 MARCH 2019

1. Accounting policies

Leicestershire Charity Organisation Society is limited by guarantee and meets the definition of a public benefit entity under FRS 102 and is registered in England. The charity operates from 20a Millstone Lane, Leicester, LE1 5JN which is also the registered office.

1.1 Accounting convention

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Account 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared under the historical cost convention, modified to include listed investments at fair value. The financial statements are presented in sterling which is the functional currency of the charity.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. There have been no changes to accounting estimates during the reporting period.

The financial statements represent the results of the charity as a single entity and do not incorporate those of the subsidiary undertaking.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The trustees have considered the impact of the Covid-19 Pandemic upon operations and future income streams for a period of 12 months from the date of approving these financial statements. The trustees consider that the budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.3 Recognition of income

Income resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Grants and voluntary income are recognised as incoming resources when receivable. Deferred income represents amounts received for future periods and is released to incoming resources in the year for which it has been received.

Income from local government grants are recognised at fair value 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.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised.

Investment income is recognised when the amount can be measured reliably.

**NOTES TO THE ACCOUNTS
PERIOD ENDED 30 MARCH 2019**

1.4 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognized where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorized under the following headings:

- Costs of raising funds; which are the costs of generating incoming resources from all sources other than from charitable activities.
- Charitable activities; which are all the costs applied by the charity in undertaking its work to meet its charitable objectives.

Grants payable to third parties are within the charities objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled are outside of the control of the charity.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	-	straight line over the period of the lease
Fixtures, fittings & equipment	-	33% per annum of cost

1.6 Fixed asset Investments

Investments are stated at fair value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 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.

1.9 Pensions

The Charity partakes in a multi-employer pension scheme for the benefit of its employees which is independently administered by The Pensions Trust. The assets and liabilities of the fund are detailed at note 13.

In addition, the Charity also operates a defined contribution pension scheme for the benefit of its employees which is independently administered by The Pensions Trust. The expenses of the scheme are charged to the SOFA as and when they fall due.

1.10 Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purpose.

NOTES TO THE ACCOUNTS (CONTINUED)
PERIOD ENDED 30 MARCH 2019

1.11 Funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the Charity for specific purposes. The costs of administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are retained for the benefit of the charity as a capital fund. The fund consists of investments that are used for the purpose of the charity.

Designated funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the accounts.

1.12 Employee Benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the discounted amount expected to be paid in exchange for that service.

1.13 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets. See accounting policy note (above) for the useful economic lives for each class of assets

Support cost allocations:

Support costs are apportioned as they relate to more than one cost category (see note 5).

Covid-19 Pandemic

There is a high degree of estimation uncertainty surrounding future income streams given the economic impact of the pandemic, locally, nationally and internationally.

2 Voluntary income	Unrestricted funds	Restricted funds	2019	2018
Core grants	-	451,888	451,888	349,314
Donations, subscriptions and discounts received	71,573	500	72,073	73,876
Income from fundraising	191,044	-	191,044	182,740
Legacies	9,590	-	9,590	-
	<u>£272,207</u>	<u>£452,388</u>	<u>£724,595</u>	<u>£605,930</u>

NOTES TO THE ACCOUNTS (CONTINUED)
PERIOD ENDED 30 MARCH 2019

3 Investment income	Unrestricted funds	Restricted funds	2019	2018
Rental income	13,569	-	13,569	13,370
Income from listed investments	821	2,757	3,578	3,500
Interest receivable	797	-	797	422
	<u>£15,187</u>	<u>£2,757</u>	<u>£17,944</u>	<u>£17,292</u>
4 Incoming resources from charitable activities				
Grants receivable for charitable activities			2019	2018
Unrestricted funds:				
Leicester City Council			36,182	36,385
Leicestershire County Council			15,456	15,544
			<u>£51,638</u>	<u>£51,929</u>
Restricted funds:				
Leicester City Council			10,636	10,433
Leicestershire County Council			4,544	4,456
Leicester / Leicestershire Primary Care Trusts			10,418	10,418
Big Potential			-	29,037
			<u>25,598</u>	<u>54,344</u>
Total			<u>£77,236</u>	<u>£106,273</u>

The Charity receives income from local government to assist individuals in identifying support funding to which they may be entitled.

5 Total resources expended

The trust allocates its support costs as shown in the table below. Support costs are allocated on a basis of staff time.

	Staff Costs (note 7)	Depreciation (note 9)	Other Costs (note 8)	Total 2019	Total 2018
Costs of generating funds:					
Fundraising and publicity	60,061	-	26,622	86,683	71,123
Charitable Activity – Relief of Poverty:					
Grants payable (note 6)	-	-	408,989	408,989	462,944
Employment costs	243,385	-	-	243,385	215,125
Administration costs	-	12,500	68,401	80,901	96,650
	<u>243,385</u>	<u>12,500</u>	<u>477,390</u>	<u>733,275</u>	<u>774,719</u>
	<u>£303,446</u>	<u>£12,500</u>	<u>£504,012</u>	<u>£819,958</u>	<u>£845,842</u>
Included in the above administration costs is:				2019	2018
Auditor's remuneration				<u>£5,730</u>	<u>£5,730</u>

NOTES TO THE ACCOUNTS (CONTINUED)
PERIOD ENDED 30 MARCH 2019

6 Grants payable

Grants to institutions – 10 (2018 – 4 grants)	3,610	1,410
Grants to individuals – 2,526 (2018 – 2,753 grants)	405,379	461,534
	<u>£408,989</u>	<u>£462,944</u>

In addition to the above grants administered through the Society, a further 225 awards totalling £296,568 were secured on behalf of individuals and institutions. These grants were remitted directly by the donors to the beneficiaries.

Grants to institutions	2019
	£
Cancer Research UK	200
Diabetes UK	75
Katherine House Hospice	560
Stafford Rangers Under 16s	600
Rhizo Kids	100
British Heart Foundation	75
Rotary Club of Leicester	1,000
University Hospital Leicester	1,000
	<u>3,610</u>

7 Employees

Number of employees

The average monthly number of employees during the year was:	<u>14</u>	<u>12</u>
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Employment costs

Wages and salaries	266,426	238,752
Social security costs	17,274	16,559
Other pension costs	19,746	18,720
	<u>£303,446</u>	<u>£274,031</u>

No employee earned £60,000 per annum or more. The Charity considers its key management personnel to consist of the Directors of Operations and Marketing & Fundraising. The remuneration and benefits paid to these personnel totalled £102,751 (2018 - £98,924).

NOTES TO THE ACCOUNTS (CONTINUED)
PERIOD ENDED 30 MARCH 2019

8 Other costs

Fundraising and publicity	<u>2019</u>	<u>2018</u>
Promotion expenses	26,047	11,627
Investment management fees	575	590
	<hr/>	<hr/>
	£26,622	£12,217
	<hr/> <hr/>	<hr/> <hr/>
 Charitable activity administration costs		
Water rates	335	176
Insurance	2,552	2,245
Light and heat	4,029	3,234
Repairs and maintenance	11,243	549
Stationery	7,138	6,246
Telephone and fax	3,007	2,903
Travelling expenses	1,045	936
Legal and professional	186	1,748
Sundry expenses	1,779	1,719
Recruitment expenses	249	1,979
Subscriptions	504	1,354
Bank charges	815	850
Cleaning	5,298	5,024
Computer expenses	17,654	15,785
Health and safety	1,188	914
Staff training	1,028	669
Postage	4,621	5,393
Big Potential (outsourced services)	-	26,650
Auditor's remuneration	5,730	5,700
Trustees' expenses	-	76
	<hr/>	<hr/>
	£68,401	£84,150
	<hr/> <hr/>	<hr/> <hr/>

None of the Trustees (or any person connected with them) received any remuneration during this year.
 No Trustee was reimbursed for travel expenses during the year (2018 – one trustee).

NOTES TO THE ACCOUNTS (CONTINUED)
PERIOD ENDED 30 MARCH 2019

9 Tangible fixed assets

	Leasehold property	Fixtures Fittings & equipment	Total
Cost/Valuation			
At 31 March 2018	237,500	38,633	276,133
Additions	-	-	-
Disposal	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 March 2019	£237,500	£38,633	£276,133
	<hr/>	<hr/>	<hr/>
Depreciation			
At 31 March 2018	37,500	38,633	76,133
Charge for the period	12,500	-	12,500
Eliminated on disposal	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 March 2019	50,000	38,633	88,633
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 March 2019	£187,500	£Nil	£187,500
	<hr/>	<hr/>	<hr/>
At 31 March 2018	£200,000	£Nil	£200,000
	<hr/>	<hr/>	<hr/>

10 Fixed asset investments

Listed investments

Market value at 31 March 2018	69,461
Acquisitions at cost	14,017
Disposals at opening book value	(14,242)
Net unrealised loss on revaluation	(233)
	<hr/>
Market value at 30 March 2019	£69,003
	<hr/>
Historical cost:	
At 30 March 2019	£63,112
	<hr/>
Historical cost:	
At 31 March 2018	£62,411
	<hr/>

All investments were held in the United Kingdom. The Trustees consider that there were no individual material investments held at the end of the year. Listed investments are valued at market value at the year end.

10 Fixed asset investments (continued)

Subsidiaries

Details of the company's subsidiary at 30 March 2019 are as follows:

Name of undertaking	Registered office	Company No	Class of shares held	% Held
The Goods Depot Limited	UK	11581108	Ordinary	100
Results for the period				£
Income				7,407
Expenditure				(43,883)
Loss before taxation				(36,476)
Total Assets				47,712
Total Liabilities				84,088

11 Debtors

	2019 £	2018 £
Trade debtors	73,459	51,362
Amount owed by subsidiary undertaking	79,972	-
Income tax recoverable	16,417	3,457
Prepayments	14,536	8,505
	<u>184,384</u>	<u>63,324</u>

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	59,851	38,464
Taxes and social security costs	-	4,947
Other creditors	2,126	6,236
Accruals and deferred income	13,548	6,575
Pension deficit	42,000	39,000
	<u>£117,525</u>	<u>£95,222</u>

13 Pension costs

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.

The company participates in a multi - employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The scheme is classified as a 'last man standing arrangement'. Therefore, the company is potentially liable for other participating employer's obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

The last full actuarial valuation for the scheme was carried out 30 September 2017 showing a deficit and the trustees asked the participating employers to pay additional contributions.

Section 28.11A of FRS 102 requires deficit recovery payments to be recognised as a liability. The movement in the provision is set out below.

	2019	2018
Liability at 1 April 2018	305,000	344,000
Unwinding of the discount factor (interest expense)	5,000	3,000
Deficit contributions paid	(39,000)	(38,000)
Re-measurements – impact of any change in assumptions	2,000	(4,000)
Re-measurements – amendment to the contributions schedule	(17,000)	-
Balance sheet liability at 30 March 2019	<u>£256,000</u>	<u>£305,000</u>
Due within 1 year	<u>£42,000</u>	<u>£39,000</u>
Due after 1 year	<u>£214,000</u>	<u>£266,000</u>
Amounts payable by instalments after 5 years	<u>59,310</u>	<u>108,310</u>

This liability represents the net present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	March 2019	March 2018	March 2017
Discount rate applied to future recovery plan contributions due	1.39%	1.71%	1.32%

On the basis that it would not be practical to split the cost of the deficit reduction payments between current and historical restricted and unrestricted funds all of the costs have been charged to unrestricted funds for this year and for previous years.

14 Restricted funds

The income funds of the Charity include restricted funds comprising the following unexpended balances to be applied for specific purposes:

	Balance 1 April 2018	Incoming Resource	Movement in funds		Balance 30 March 2019
			Resources Expended	Transfer	
Carlton Hayes Mental Health Charity	3,886	13,500	27,591	10,205	-
Funds held for other charitable institutions	29,844	-	3,610	-	26,234
Leicester Children's Aid Association	3,488	3,257	3,064	-	3,681
Other funds held for distribution to the needy	137,561	438,388	375,299	-	200,650
Local authorities and CCG	-	25,598	25,598	-	-
	<u>£174,779</u>	<u>£480,743</u>	<u>£435,162</u>	<u>£10,205</u>	<u>£230,565</u>

	Balance 1 April 2017	Movement in funds		Balance 31 March 2018
		Incoming Resource	Resources Expended	
Carlton Hayes Mental Health Charity	11,468	18,000	25,582	3,886
Funds held for other charitable institutions	36,154	-	6,310	29,844
Leicester Children's Aid Association	3,404	3,195	3,111	3,488
Big Potential Fund	-	29,037	29,037	-
Other funds held for distribution to the needy	235,299	356,621	454,359	137,561
	<u>£286,325</u>	<u>£406,853</u>	<u>£518,399</u>	<u>£174,779</u>

NOTES TO THE ACCOUNTS (CONTINUED)
PERIOD ENDED 30 MARCH 2019

14 Restricted funds (continued)

- The Carlton Hayes Mental Health Charity makes grants for people in need living in Leicestershire and Rutland who are experiencing mental health problems
- The funds held for other charitable institutions are block grant arrangements with companies and individual donors which help institutions engaged in charitable activities
- Leicester Children's Aid Association assists children and young people resident in the city of Leicester under the age of 18 with grants to promote their education and welfare.
- Leicester City Council and Leicestershire County Council support the activities of the charity in order to reduce poverty and distress in the city of Leicester and county of Leicestershire respectively. The three Clinical Commissioning Groups operating in Leicestershire and Rutland support the activities of the charity in seeking out funding for equipment, aids and adaptations that help disabled people to retain their independence.

15 Analysis of net assets between funds

	Unrestricted fund	Restricted Fund	Designated Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
Fund balances at 30 March 2019 are represented by:						
Tangible fixed assets	187,500	-	-	-	187,500	200,000
Investments	100	-	-	69,003	69,103	69,461
Current assets	153,927	288,991	40,000	2,813	485,731	440,205
Creditors: amounts falling due within one year	(59,100)	(58,426)	-	-	(117,526)	(95,222)
Creditors: amounts falling due after one year	(214,000)	-	-	-	(214,000)	(266,000)
	<u>68,427</u>	<u>230,565</u>	<u>40,000</u>	<u>71,816</u>	<u>410,808</u>	<u>348,444</u>
Unrealised gains Included above:						
On investments (see below)	-	-	-	5,891	5,891	7,050
Reconciliation of movements in unrealised Gains/(losses) on investment assets						
Unrealised gains at 1 April 2018	-	-	-	7,050	7,050	9,582
Deduct in respect of disposals in year	-	-	-	(926)	(926)	(66)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,124</u>	<u>6,124</u>	<u>9,518</u>
Net reduction arising in year	-	-	-	(233)	(233)	(2,466)
Unrealised gains at 30 March 2019	£-	£-	£-	£5,891	£5,891	£7,050

NOTES TO THE ACCOUNTS (CONTINUED)
PERIOD ENDED 30 MARCH 2019

16 Endowment funds

The Endowment Funds relate to Leicester Children's Aid Association which was transferred into the Charity on 29 October 2007 together with the net funds of Connection, another locally based Charity which merged with Leicester Children's Aid Association in 2008.

17 Designated funds

The designated property fund is to be used for the purpose of purchasing freehold office accommodation for the Charity when the lease on its current premises comes to an end in 2034. During the year £5,000 was transferred to the fund.

18 Related Party Transactions

During the year, administration fees and grants were received from the following charities in which some or all of the Trustees of Leicester Charity Organisation Society are also Trustees:-

	2019	2018
		£
Leicester Indigent Old Age Society	3,116	1,093
Leicestershire and Rutland County Nursing Association	57,150	55,500
The Mansion Trust (UK)	2,979	1,982
The Nicholson Memorial Fund (Rosehill Trust)	12,977	7,300
R Daphne Plunket Charitable Trust	11,406	14,361
Wyggeston's Hospital	25,000	18,125
Edward Wood Poor Widows	1,094	2,512
Alderman Newton's Educational Foundation	11,440	11,453
Charity of Carlton Hayes Hospital	15,000	20,000
Leicester Aid in Sickness Fund	15,152	5,998
Oadby Village Hall	2,500	-
Florence Turner Trust	12,100	8,100
The Maud Elkington Charitable Trust	100,700	30,700

The trustee, A H Jarvis is also a director of the charity's investment advisors Rowley Turton (IFA) Limited. During the year the charitable company paid £575 in respect of investment management charges to Rowley Turton (IFA) Limited.

During the year the Charitable Company set up a trading subsidiary, The Goods Depot Limited, to sell and distribute discounted white goods to disadvantaged individuals and families. During the year the Charitable Company met certain set up and operational costs of The Goods Depot Limited totalling £32,074 and provided working capital of £47,718. At 30 March 2019 the total amount owed to the Charitable Company was £79,792. There is no formal agreement in place and the total amount due is repayable on demand.

The Secretary and Director of Operations of the Charitable Company is also a director of The Goods Depot Limited.

19 Transfer between funds

During the year, Leicester Charity Organisation Society transferred £10,205 from unrestricted to restricted funds and also allocated £5,000 to a designated property fund to be used for the purpose of purchasing freehold office accommodation for the Charity when the lease on its current premises comes to an end in 2034.

NOTES TO THE ACCOUNTS (CONTINUED)
PERIOD ENDED 30 MARCH 2019

20 Lease commitments

At 30 March 2019 the company was committed to making the following payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Operating leases which expire:		
Within one year	-	1,490

21 Contingent Liability

The Charitable company has guaranteed the lease payments of The Goods Depot Limited on the leasehold premises from which that company operates. At 30 March 2019 the lease commitment amounted to £33,750.

22 Subsequent events

Since the date of these accounts, there has been a global pandemic caused by the outbreak of Covid-19. The impact became significant in the UK in March 2020 and continues to cause widespread disruption to normal patterns of activity in the UK and globally. As a result of measures to combat the spread of the virus, the Charity has taken operational steps to mitigate the risks within the working environment.

23 Reconciliation of net income to net cash flow from operations

	2019	2018
	£	£
Net movement in funds	62,364	(84,840)
Depreciation of tangible fixed assets	12,500	12,500
Losses on investments	52	2,447
Investment income	(17,944)	(17,292)
Decrease/(increase) in debtors	(121,060)	3,024
Decrease in creditors	(29,697)	(115,491)
	<hr/>	<hr/>
Net cash outflow from operations	£(93,785)	£(199,652)
	<hr/>	<hr/>