

Charity Registration No. 1078271

Company Registration No. 03761954 (England and Wales)

LEICESTER CHARITY ORGANISATION SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

LEICESTER CHARITY ORGANISATION SOCIETY

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LEGAL AND ADMINISTRATIVE DETAILS

Trustees	A H Jarvis (<i>Treasurer</i>) G Oliver 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 FOR THE YEAR ENDED 31 MARCH 2020

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.

Towards the year end, there was a global pandemic from the outbreak of Covid 19. The impact became significant in the UK in March 2020 and continued to cause widespread disruption to normal patterns of business and social activity in the UK and globally throughout the following year. 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 has remained open throughout the pandemic, the trustees are bound by government regulations as to how the Charity will operate.

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 YEAR ENDED 31 MARCH 2020

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, the number of referrals and the social impact its work has on beneficiaries.

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 565 hours of their time to the Charity in the year. Towards the year end and throughout the following year volunteer activity was curtailed by the regulations brought in to combat the Covid-19 outbreak.

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 YEAR ENDED 31 MARCH 2020

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 £612,338 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. The trading arm, The Goods Depot Limited, which, opened in 2019 to supply low cost domestic appliances to the Charity's beneficiaries, remained operational throughout the year. The objectives of the Good Depot Limited are to assist a greater number of service users and improve the Charity's 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 £190,000 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.

TRUSTEES' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

Financial Review

Accounting Year

The Charity has prepared accounts to 31 March 2020

Review of activities

During the year the Charity had total incoming resources of £903,433 (2019: £872,374) and there was a net increase in funds of £64,205 (2019: £62,364 increase). The total restricted funds at the end of the period amounted to £199,367 (2019: £230,565), endowment funds amounted to £59,525 (2019: £71,816) and unrestricted funds (not designated for specific purposes) amounted to £100,000 (2019: £40,000). Note 15 to the accounts shows unrestricted fixed assets and investments of £175,100 (2019: £187,600); free reserves, as defined by SORP 2015, were therefore in deficit by £58,979 after taking account of the pension deficit liability of £211,000 (2019: £119,173 deficit after pension deficit liability of £256,000).

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 £60,000 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 £430,186 was paid by way of grants to service users and a further 184 grants totalling £182,152 were remitted directly by the donor charity to individual service users following referral by ourselves.

Plans for Future Years

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 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.

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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)

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 (Mar 26, 2021 16:49 GMT)

CE Smith
Chairman/Trustee
26 March 2021

**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 year ended 31 March 2020 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 31 March 2020, 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 page 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 (Mar 26, 2021 16:50 GMT)

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

26 March 2021

Chartered Accountants
Statutory Auditor

30 Nelson Street
Leicester
LE1 7BA

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2020**

		Unrestricted Funds	Restricted Funds	Designated Funds	Endowment Funds	Total 2020
	Notes					
<u>Income from:</u>						
Voluntary Income	2	355,581	401,936	-	-	757,517
Administration fees		52,247	-	-	-	52,247
Investment income	3	18,409	2,864	-	-	21,273
Incoming resources from charitable activities	4	51,123	21,273	-	-	72,396
Total income		477,360	426,073	-	-	903,433
<u>Expenditure on:</u>						
Raising funds	5	71,488	573	-	-	72,061
Charitable Activity						
Relief of poverty	5	306,417	451,459	-	-	757,876
Total expenditure		377,905	452,032	-	-	829,937
Realised gain/(loss) on Investment assets		-	-	-	47	47
Unrealised gain/(loss) on investment assets	16	-	-	-	(12,338)	(12,338)
Net income/(expenditure)		99,455	(25,959)	-	(12,291)	61,205
Transfers between funds	19	(54,761)	(5,239)	60,000	-	-
		44,694	(31,198)	60,000	(12,291)	61,205
Other recognised gains and losses						
Pension deficit adjustment	13	3,000	-	-	-	3,000
Net movement in funds		47,694	(31,198)	60,000	(12,291)	64,205
Fund balances at 31 March 2019		68,427	230,565	40,000	71,816	410,808
Fund balances at 31 March 2020		£116,121	£199,367	£100,000	£59,525	£475,013

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 2019.

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

	Notes	Unrestricted Funds	Restricted Funds	Designated Funds	Endowment Funds	Total 2019
<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	5,000	-	-
		(8,370)	55,786	5,000	(52)	52,364
Pension deficit adjustment	13	10,000	-	-	-	10,000
Net movement in funds		1,630	55,786	5,000	(52)	62,364
Fund balances at 1 April 2018		66,797	174,779	35,000	71,868	348,444
Fund balances at 30 March 2019		£68,427	£230,565	£40,000	£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.

BALANCE SHEET
AT 31 MARCH 2020

	Notes	<u>2020</u>	<u>2019</u>
Fixed assets			
Tangible assets	9	175,000	187,500
Investments	10	56,501	69,003
Investment in subsidiary	10	100	100
		<hr/>	<hr/>
		231,601	256,603
Current assets			
Debtors	11	187,572	184,384
Cash at bank and in hand		322,489	301,346
		<hr/>	<hr/>
		510,061	485,730
Creditors: amounts falling due within one year	12	<hr/> (99,649)	<hr/> (117,525)
Net current assets		410,412	368,205
Creditors: amounts falling due after one year	13	<hr/> (167,000)	<hr/> (214,000)
Total assets		<hr/> <hr/> £475,013	<hr/> <hr/> £410,808
Capital fund			
Endowment	15	59,525	71,816
Designated funds	16	100,000	40,000
Income funds			
Restricted funds	14	199,367	230,565
Unrestricted funds		116,121	68,427
		<hr/>	<hr/>
		<hr/> <hr/> £475,013	<hr/> <hr/> £410,808

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 26 March 2021.

Signed on behalf of the Trustees,

Clive Smith

Clive Smith (Mar 26, 2021 16:49 GMT)

CE Smith
Chairman
Company Registration No. 03761954

STATEMENT OF CASHFLOWS
PERIOD ENDED 31 MARCH 2020

	Notes	2020	2019
Cash flow from operating activities			
Cash outflow from operations	22	(341)	(93,785)
Net cash flow from operating activities		(341)	(93,785)
Cash flow from investing activities			
Payments to acquire investments		(7,359)	(14,117)
Receipts from sales of investments		7,570	14,423
Investment income received		21,273	17,944
Net cash flow from investing activities		21,484	18,250
Net decrease in cash and cash equivalents		21,143	(75,535)
Cash and cash equivalents at 31 March 2019		301,346	376,881
Cash and cash equivalents at 31 March 2020		<u>£322,489</u>	<u>£301,346</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		322,489	301,346
Cash and cash equivalents at 31 March 2020		<u>£322,489</u>	<u>£301,346</u>

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

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 year.

The Charity has taken advantage of the small company provisions of the Companies Act 2006.

The Charity has taken advantage of available exemptions in regard to the requirement to prepare consolidated accounts for the group. These financial statements represent the results of the charity as a single entity and do not incorporate those of the trading subsidiary.

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 year 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
YEAR ENDED 31 MARCH 2020**

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)

YEAR ENDED 31 MARCH 2020

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 year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years 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	2020	2019
Core grants	-	401,436	401,436	451,888
Donations, subscriptions and discounts received	55,838	500	56,338	72,073
Income from fundraising	274,743	-	274,743	191,044
Legacies	25,000	-	25,000	9,590
	<u>£355,581</u>	<u>£401,936</u>	<u>£757,517</u>	<u>£724,595</u>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2020

3 Investment income	Unrestricted funds	Restricted funds	2020	2019
Rental income	16,645	-	16,645	13,569
Income from listed investments	875	2,864	3,739	3,578
Interest receivable	889	-	889	797
	<u>£18,409</u>	<u>£2,864</u>	<u>£21,273</u>	<u>£17,944</u>

4 Incoming resources from charitable activities

Grants receivable for charitable activities	2020	2019
Unrestricted funds:		
Leicester City Council	35,821	36,182
Leicestershire County Council	15,302	15,456
	<u>51,123</u>	<u>£51,638</u>
Restricted funds:		
Leicester City Council	10,997	10,636
Leicestershire County Council	4,698	4,544
Leicester / Leicestershire Primary Care Trusts	5,578	10,418
	<u>21,273</u>	<u>25,598</u>
Total	<u>£72,396</u>	<u>£77,236</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 2020	Total 2019
Costs of generating funds:					
Fundraising and publicity	61,564	-	10,497	72,061	86,683
Charitable Activity – Relief of Poverty:					
Grants payable (note 6)	-	-	430,186	430,186	408,989
Employment costs	246,782	-	-	246,782	243,385
Administration costs	-	12,500	68,408	80,908	80,901
	<u>246,782</u>	<u>12,500</u>	<u>498,594</u>	<u>757,876</u>	<u>733,275</u>
	<u>£308,346</u>	<u>£12,500</u>	<u>£509,091</u>	<u>£829,937</u>	<u>£819,958</u>
Included in the above administration costs is:				2020	2019
Auditor's remuneration				<u>£9,272</u>	<u>£5,730</u>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2020
6 Grants payable

Grants to institutions – 0 (2019 – 10 grants)	-	3,610
Grants to individuals – 2,969 (2019 – 2,526 grants)	430,186	405,379
	<hr/>	<hr/>
	£430,186	£408,989

In addition to the above grants administered through the Society, a further 184 awards totalling £182,152 were secured on behalf of individuals and institutions. These grants were remitted directly by the donors to the beneficiaries.

	2020	2019
Grants to institutions		
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
	<hr/>	<hr/>
	-	£3,610

7 Employees**Number of employees**

The average monthly number of employees during the year was:	15	14
The number of part time employees was	12	11

Employment costs

Wages and salaries	270,118	266,426
Social security costs	17,614	17,274
Other pension costs	20,614	19,746
	<hr/>	<hr/>
	£308,346	£303,446

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 £113,787 (2019 - £111,010).

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2020

8 Other costs

Fundraising and publicity	<u>2020</u>	<u>2019</u>
Promotion expenses	9,924	26,047
Investment management fees	573	575
	<hr/>	<hr/>
	£10,497	£26,622
	<hr/>	<hr/>
Charitable activity administration costs		
Water rates	-	335
Insurance	2,369	2,552
Light and heat	5,844	4,029
Repairs and maintenance	7,114	11,243
Stationery	6,076	7,138
Telephone and fax	3,513	3,007
Travelling expenses	1,302	1,045
Legal and professional	3,637	186
Sundry expenses	1,529	1,779
Recruitment expenses	650	249
Subscriptions	1,441	504
Bank charges	920	815
Cleaning	4,758	5,298
Computer expenses	13,170	17,654
Health and safety	914	1,188
Staff training	971	1,028
Postage	4,928	4,621
Auditor's remuneration	9,272	5,730
	<hr/>	<hr/>
	£68,408	£68,401
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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 (2019 – no trustee).

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2020

9 Tangible fixed assets

	Leasehold property	Fixtures Fittings & equipment	Total
Cost/Valuation			
At 31 March 2019	237,500	38,633	276,133
Additions	-	-	-
Disposal	-	-	-
At 31 March 2020	£237,500	£38,633	£276,133
Depreciation			
At 31 March 2019	50,000	38,633	88,633
Charge for the year	12,500	-	12,500
Eliminated on disposal	-	-	-
At 31 March 2020	62,500	38,633	101,133
Net book value			
At 31 March 2020	£175,000	£Nil	£175,000
At 31 March 2019	£187,500	£Nil	£187,500

10 Fixed asset investments

Listed investments

Market value at 31 March 2019	69,003
Acquisitions at cost	7,359
Disposals at opening book value	(7,522)
Net unrealised loss on revaluation	(12,339)
Market value at 31 March 2020	£56,501
Historical cost:	
At 31 March 2020	£63,504
Historical cost:	
At 31 March 2019	£63,112

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 31 March 2020 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				127,525
Expenditure				(162,670)
Loss before taxation				£(35,145)
Total Assets				£46,047
Total Liabilities				£(117,568)

The financial statements of The Goods Depot Limited were not subject to audit.

11 Debtors

	2020	2019
Trade debtors	49,178	73,459
Amount owed by subsidiary undertaking	110,958	79,972
Income tax recoverable	19,895	16,417
Prepayments	7,541	14,536
	<u>£187,572</u>	<u>£184,384</u>

12 Creditors: amounts falling due within one year

	2020	2019
Trade creditors	42,544	59,851
Other creditors	4,289	2,126
Accruals and deferred income	8,816	13,548
Pension deficit	44,000	42,000
	<u>£99,649</u>	<u>£117,525</u>

13 Pension costs

The Charity 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.

	<u>2020</u>	<u>2019</u>
Liability at 31 March 2019	256,000	305,000
Unwinding of the discount factor (interest expense)	3,000	5,000
Deficit contributions paid	(42,000)	(39,000)
Re-measurements – impact of any change in assumptions	(6,000)	2,000
Re-measurements – amendment to the contributions schedule	-	(17,000)
	<u>£211,000</u>	<u>£256,000</u>
Balance sheet liability at 31 March 2020	<u>£211,000</u>	<u>£256,000</u>
Due within 1 year	<u>£44,000</u>	<u>£42,000</u>
Due after 1 year	<u>£167,000</u>	<u>£214,000</u>
	<u>-</u>	<u>40,982</u>
Amounts payable by instalments after 5 years	<u>-</u>	<u>40,982</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:

	<u>March</u>	<u>March</u>	<u>March</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate applied to future recovery plan contributions due	2.53%	1.39%	1.71%

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 31 March 2019	Incoming Resource	Movement in funds Resources Expended	Transfer	Balance 31 March 2020
Carlton Hayes Mental Health Charity	-	27,000	18,676	(5,239)	3,085
Funds held for other charitable institutions	26,234	-	-	-	26,234
Leicester Children's Aid Association	3,681	3,364	1,006	-	6,039
Other funds held for distribution to the needy	200,650	374,436	411,077	-	164,009
Local authorities and CCG	-	21,273	21,273	-	-
	<u>£230,565</u>	<u>£426,073</u>	<u>£452,032</u>	<u>£(5,239)</u>	<u>£199,367</u>

	Balance 1 April 2018	Incoming Resource	Movement in funds Resources Expended	Transfer	Balance 30 March 2019
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 CCGs	-	25,598	25,598	-	-
	<u>£174,779</u>	<u>£480,743</u>	<u>£435,162</u>	<u>£10,205</u>	<u>£230,565</u>

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2020

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 2020	Total Funds 2019
Fund balances at 31 March 2019 are represented by:						
Tangible fixed assets	175,000	-	-	-	175,000	187,500
Investments	100	-	-	56,501	56,601	69,103
Current assets	165,353	241,684	100,000	3,024	510,061	485,731
Creditors: amounts falling due within one year	(57,332)	(42,317)	-	-	(99,649)	(117,526)
Creditors: amounts falling due after one year	(167,000)	-	-	-	(167,000)	(214,000)
	<u>£116,121</u>	<u>£199,367</u>	<u>£100,000</u>	<u>£59,525</u>	<u>£475,013</u>	<u>£410,808</u>
Unrealised gains Included above:						
On investments (see below)	-	-	-	£7,004	£7,004	£5,891
Reconciliation of movements in unrealised Gains/(losses) on investment assets						
Unrealised gains at 31 March 2019	-	-	-	5,891	5,891	7,050
Deduct in respect of disposals in year	-	-	-	(557)	(557)	(926)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,334</u>	<u>5,334</u>	<u>6,124</u>
Net reduction arising in year	-	-	-	(12,338)	(12,338)	(233)
Unrealised deficit at 31 March 2020	<u>£-</u>	<u>£-</u>	<u>£-</u>	<u>£(7,004)</u>	<u>£(7,004)</u>	<u>£5,891</u>

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 MARCH 2020

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 £60,000 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:-

	2020 £	2019 £
Leicester Indigent Old Age Society	3,752	3,116
The Mansion Trust (UK)	2,222	2,979
The Nicholson Memorial Fund (Rosehill Trust)	17,489	12,977
R Daphne Plunket Charitable Trust	12,430	11,406
Wyggeston's Hospital	-	25,000
Edward Wood Poor Widows	1,138	1,094
Alderman Newton's Educational Foundation	13,138	11,440
Charity of Carlton Hayes Hospital	-	15,000
Leicester Aid in Sickness Fund	-	15,152
Oadby Village Hall	-	2,500
Florence Turner Trust	-	12,100
The Maud Elkington Charitable Trust	-	100,700

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 £573 in respect of investment management charges to Rowley Turton (IFA) Limited.

During the year the Charitable Company traded with its subsidiary, The Goods Depot Limited. The Charitable Company met certain costs of The Goods Depot Limited totalling £30,986. At 31 March 2020 the total amount owed to the Charitable Company was £110,958 (2019 - £79,972). 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.

There was no trustees remuneration paid.

19 Transfer between funds

During the year, Leicester Charity Organisation Society transferred £5,239 from the restricted fund to the unrestricted and also allocated £60,000 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)
YEAR ENDED 31 MARCH 2020

20 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 31 March 2020 the lease commitment amounted to £20,250.

21 Subsequent events

Since the date of these accounts, there has been a global pandemic caused by 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.

22 Reconciliation of net income to net cash flow from operations

	2020	2019
Net movement in funds	64,205	62,364
Depreciation of tangible fixed assets	12,500	12,500
Losses on investments	12,291	52
Investment income	(21,273)	(17,944)
Increase in debtors	(3,188)	(121,060)
Decrease in creditors	(64,876)	(29,697)
	<hr/>	<hr/>
Net cash outflow from operations	£(341)	£(93,785)
	<hr/>	<hr/>