



SCOTTY'S LITTLE SOLDIERS

Unit 21 Bergen Way
King's Lynn
Norfolk
PE30 2JG

Dear Supporter,

This is the 2019 Consolidated Group Report for the charity Scotty's Little Soldiers. The Group currently operates two subsidiaries, Scotty's Little Soldiers (charity 1136854) for our day to day charitable activities, and Scotty's Little Soldiers Trading for our limited range of charity merchandise.

The charity 1136854 submits a more detailed annual review with information relating to our impact and commentary on the year, and thus will provide a better snapshot of our work. Once the existing leases held in that charity's name have expired (due in 2021), it is planned to wind up the original charity and continue only with this newer CIO group charity.

If you have any further questions please contact us at hello@scottyslittlesoldiers.co.uk or visit www.scottyslittlesoldiers.co.uk

SCOTTY'S LITTLE SOLDIERS
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

SCOTTY'S LITTLE SOLDIERS

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Brendan Holmes (resigned 01 November 2019)
Steve Ward
Jason Worthy (appointed 09 January 2020)
Luke Priestley
Megan Harris
Simon Millar

Charity number 1170528

Principal address

21 Bergen Way
North Lynn Industrial Estate
King's Lynn
PE30 2JG

Auditor

Mapus-Smith & Lemmon LLP
48 King Street
King's Lynn
Norfolk
PE30 1HE

Bankers

HSBC Bank PLC
19 Minster St
Salisbury
SP1 1TE

Solicitors

Stone King
Thirty Station Road
Cambridge
Cambridgeshire
CB1 2RE

SCOTTY'S LITTLE SOLDIERS

CONTENTS

	Page
Trustee report	1 – 5
Statement of Trustee responsibilities	6
Independent auditor's report	7 - 9
Consolidated statement of financial activities	10
Consolidated balance sheet	11
Consolidated statement of cash flows	12
Notes to the financial statements	13 - 27

SCOTTY'S LITTLE SOLDIERS

TRUSTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees present their report and financial statements for the year ended 31 December 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with Scotty's Little Soldiers' (The "CIO") governing document, the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) published on 16 July 2014.

Scotty's Little Soldiers is a Charitable Incorporated Organisation which was set up on 2nd December 2016. The original 'Scotty's Little Soldiers' (The "Charity" 1136854) was established in 2010 as an unincorporated charity. Following guidance from the Charity Commission the CIO was established and became the sole trustee of the Charity on 27th November 2018. The charitable activities will be fully transferred to the CIO and the Charity will be dissolved once all existing lease agreements established by the Charity have expired. This was agreed as the preferred course of action due to the cost and logistical complications of transferring existing leases. This process is expected to be finalised in 2021.

Objectives and activities

The charity's objects are to provide relief from the effects of bereavement to young people who have suffered the loss of a parent who served with the Armed Forces of the Crown.

Our Promises:

We want every bereaved Forces child to have:

1. Access to the very best emotional well-being support.
2. Outstanding development opportunities.
3. The chance to smile again.

Review of charitable activities and achievements for the public benefit

The Charity's aim is to provide relief from the effects of bereavement to young people who have lost a parent who served in the British Armed Forces.

This relief is provided through 3 assistance programmes; Smiles; Support and Strides.

Smiles provides opportunities for bereaved Forces children to smile again through fun based activities such as holiday breaks, group events, gifts and vouchers and special experiences.

The Support programme aims to deal with the more emotional side of bereavement and provides access to professional bereavement counselling provided by partners Winston's Wish in a project funded by Help for Heroes.

The Strides programme is designed to offer beneficiaries assistance with their personal development and includes a range of activity and educational grants.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Charity should undertake.

SCOTTY'S LITTLE SOLDIERS

TRUSTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

During the year the Charity, as well as using employees and the trustees to promote charity donations and fundraising events, also rely on many volunteers and fundraisers in order to provide donations to the Charity and arrange fundraising events for which proceeds are then donated to Scotty's Little Soldiers. The income is only recognised by Scotty's Little Soldiers at the time the donation is made. Thank you letters are arranged to be sent out to fundraisers of the Charity.

Achievements and performance

Main achievements of the Charity during the year

- Provide direct support to 410 bereaved British Forces children and young people and their families.
- Appointed our first professional Support Worker.
- Opened 143 'Family Support' cases.
- Provided 313 bereaved young people, and their families, with respite breaks.
- Hosted a magical Christmas event for 171 beneficiaries in London.
- Issued 157 individual grants to our Scotty Members, including;
 - 132 Scotty Allowances
 - 11 Driving Lesson Grants
 - 9 Higher Education Grants
 - 5 Super Grants for once in a lifetime opportunities.
- 1894 gifts and vouchers were sent out, marking significant anniversaries.
- Launched our Abeona pilot scheme with Norfolk County Council.

Financial review

Review of the financial position of the Group and reserves policy

The Charity

Financially the organisation is healthy and we are meeting our objectives and targets set. The Trustee Board have agreed a Reserves policy in line with the organisation objectives that all reserves shall be applied solely towards promotion of the object of the Charity. In the event of dissolution of the Charity the reserves would be first used for severance payments and winding up costs. The constitution states that any surplus must be either used directly for the objects of the Charity, be transferred to another charity with like objects or in any other manner approved by the Charity Commission. The present level of reserves held is £887,533 (2018 £880,681) which includes £491,264 (2018 £515,766) of tangible assets and £274,528 (2018 £226,300) in cash reserves available to use. £827,127 (2018 £856,318) of the reserves held are categorised as unrestricted funds, £60,406 (2018 £24,363) are categorised as restricted funds.

Trading subsidiary

The Trustees continue to value the Trading company for commercial activities handled on behalf of the Charity. Brands such as the Fear Naught range have shown there is a large opportunity for future growth and these product ranges provide an additional way to engage with supporters. The operations of the Charity always take priority but the Trustees are committed to the long term income potential of the Trading company

Principal sources of income and how expenditure meets objectives

The principal sources of income for the Charity is that of donations received through collections and fundraising. These sources of income been used in the year to support the key objectives of the Charity as outlined in this trustees report.

The charity has also seen early success from its strategy to engage more grant funding opportunities.

SCOTTY'S LITTLE SOLDIERS

TRUSTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Risk Management

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

The Trustees have a risk management review which comprises

- a continuing review of the risks the Charity may face;
- the establishment of systems and procedures to mitigate those identified risks and
- the implementation of procedures designed to minimise the potential impact on the Charity should those risks materialise.

Plans for the future

The Charity has identified the following key targets for the coming year:

- Further developing the charity's new SUPPORT Programme as the emotional well-being of bereaved Service families has been highlighted as a high priority.
- Introducing a new SPRINGBOARD Programme for young adults aged 19-25 year olds.
- The charity will continue to seek to diversify its fundraising activities having achieved early success with its focus on grants and trusts funding in 2019.

Structure, governance and management

Governing Document

The CIO is governed by its Constitution dated 02 December 2016. It was registered as a charity with the Charity Commission on 02 December 2016.

The Charity is governed by its Constitution dated 17 April 2010. It was registered as a charity with the Charity Commission on 13 July 2010.

Trustees

The Trustees who served during the year were:

CIO

Mr B Holmes

(Resigned 01 November 2019)

Mr S Ward

Mr L Priestley

Mrs M Harris

Mr S Millar

Mr J Worth

(Appointed 09 January 2020)

Charity

Scotty's Little Soldiers (CIO)

SCOTTY'S LITTLE SOLDIERS

TRUSTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

The senior official to whom the day to day management of the CIO and Charity is delegated by the CIO Trustees is Stuart Robinson and co founder Nikki Scott.

Appointment of new Trustees

The CIO has a formal Trustee Recruitment policy and process. New Trustees positions can be advertised by the CIO or nominations from the management team and the existing Trustees can be put forward. Those nominated and appointed are elected at the first AGM following appointment.

The CIO plans to add further Trustees over the next 2 years to fill gaps in the boards current skill set.

Trustees induction and training

When considering nominations of Trustees the requirement for any specialist skills needed are reviewed.

Trustees are encouraged to attend appropriate external training events when these will facilitate the undertaking of their role.

New Trustees attend an orientation meeting to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the various committees and decision making processes, the financial plan and recent financial performance of the CIO. During this initial orientation programme they meet key employees and other Trustees.

The remuneration of the senior officials of the Charity is decided and agreed unanimously by the board of trustees, and is felt to accurately reflect their level of service and dedication to the Charity whilst they promote the Charity's objectives as outlined in the trustees report.

Organisation

The Charity is administered by a committee containing no less than 3 Trustees of the CIO. This committee meets 4 times per year.

To facilitate effective operations the senior official and the management team has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance and employment. The Management team report frequently to the Trustees, usually on a monthly basis via written reports and conference calls.

Related parties

As a Charity originally founded by family members and close friends the Trustees of Scotty's Little Soldiers have, in association with the Charity Commission, created a 'Conflicts of Interest Policy' which ensures any potential conflicts of interest are highlighted and transparent.

- Mrs Nikki Scott, Mr John Robinson and Mr Stuart Robinson are listed as Directors of the Limited Trading Company Scotty's Little Soldiers Trading Ltd. This company was created to sell merchandise on behalf of the Charity, the profits from which are all donated to the Charity. No dividends or salaries are taken from the Limited Company. The CIO was confirmed by Companies House as the relevant legal entity with significant control of Scotty's Little Soldiers Trading Ltd on 11/01/2019.
- No Trustees were reimbursed for their personal expenses during 2019.

Auditor

In accordance with the CIO's governing document, a resolution proposing that Mapus-Smith & Lemmon LLP be reappointed as auditor of the CIO will be put at a General Meeting.

SCOTTY'S LITTLE SOLDIERS

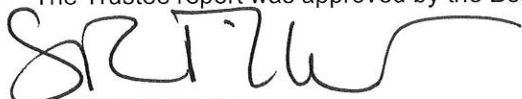
TRUSTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustee report was approved by the Board of Trustees.



SIMON MILLAR - CHAIRMAN

Dated: 14th April 2021

SCOTTY'S LITTLE SOLDIERS

STATEMENT OF TRUSTEE RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees are responsible for preparing the Trustee Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 CIO and of the incoming resources and application of resources of the CIO for that 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the CIO and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the CIO and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SCOTTY'S LITTLE SOLDIERS

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF SCOTTYS LITTLE SOLDIERS

Opinion

We have audited the consolidated financial statements of Scotty's Little Soldiers (the 'CIO') and its subsidiaries (the "Group") for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the parent CIO's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 Group's or the parent CIO'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 annual report, including the trustees' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

SCOTTY'S LITTLE SOLDIERS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF SCOTTYS LITTLE SOLDIERS

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustee responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the parent CIO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent CIO or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matter

Your attention is drawn to the fact that the Group has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2016.

SCOTTY'S LITTLE SOLDIERS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF SCOTTYS LITTLE SOLDIERS

Use of our report

This report is made solely to the CIO's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the CIO's trustees those matters we are required to state to them in an auditors' 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 CIO and the CIO's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Sharon Edwards (Senior Statutory Auditor)
for and on behalf of Mapus-Smith & Lemmon LLP

22-04-2021

Chartered Accountants
Statutory Auditor

48 King Street
King's Lynn
Norfolk
PE30 1HE

Mapus-Smith & Lemmon LLP is eligible for appointment as auditor of the CIO by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

SCOTTY'S LITTLE SOLDIERS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Total 2018 £
<u>Income from:</u>					
Restricted donation income	2	560,180	182,260	742,440	976,178
Commercial trading operation		110,255	-	110,255	9,438
Total income received		<u>670,435</u>	<u>182,260</u>	<u>852,695</u>	<u>985,616</u>
<u>Expenditure on:</u>					
Raising funds	3	229,792	-	229,792	19,020
Charitable activities	4	466,002	146,217	612,219	64,116
Taxation	7	725	-	725	(10)
Total resources expended		<u>696,519</u>	<u>146,217</u>	<u>842,736</u>	<u>83,126</u>
Net (expenditure)/income for the year/ Net movement in funds		(26,084)	36,043	9,959	902,490
Fund balances at 1 January 2019		<u>878,127</u>	<u>24,363</u>	<u>902,490</u>	-
Fund balances at 31 December 2019		<u><u>852,043</u></u>	<u><u>60,406</u></u>	<u><u>912,449</u></u>	<u><u>902,490</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

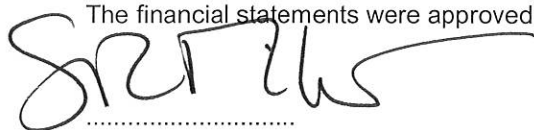
All income and expenditure derive from continuing activities.

SCOTTY'S LITTLE SOLDIERS
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Fixed assets					
Tangible assets	10	493,019	517,819	-	-
Investments	11	-	-	3	3
		<u>493,019</u>	<u>517,819</u>	<u>3</u>	<u>3</u>
Current assets:					
Stocks	13	102,183	94,956	-	-
Debtors	14	65,453	64,195	-	-
Cash at bank and in hand		294,737	238,337	-	-
		<u>462,373</u>	<u>397,488</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	15	(42,592)	(12,406)	-	-
Net current assets		<u>419,781</u>	<u>385,082</u>	<u>-</u>	<u>-</u>
Provisions for liabilities	16	(351)	(411)	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets less current liabilities		<u>912,449</u>	<u>902,490</u>	<u>3</u>	<u>3</u>
Income funds					
Restricted funds	17	60,406	24,363	-	-
Unrestricted funds		852,043	878,127	3	3
		<u>912,449</u>	<u>902,490</u>	<u>3</u>	<u>3</u>

The financial statements were approved by the Trustees on

14th April 2021



SIMON MILLAR
Chairman



LUKE PRIESTLEY
Trustee

SCOTTY'S LITTLE SOLDIERS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	21		63,318		(63,752)
Income taxes paid			(593)		-
Investing activities					
Purchase of tangible fixed assets		(6,325)		-	
Cash introduced on acquisitions		-		302,089	
Net cash used in investing activities			(6,325)		302,089
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			56,400		302,089
Cash and cash equivalents at beginning of year			238,337		-
Cash and cash equivalents at end of year			294,737		238,337

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Charity information

Scotty's Little Soldiers is a charitable incorporated organisation (CIO). The principle office for the CIO and its two subsidiaries is 21 Bergen Way, North Lynn Industrial Estate, King's Lynn, Norfolk, PE30 2JG.

1.1 Accounting convention

The financial statements have been prepared in accordance with the CIO's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of accounting and consolidation

These financial statements consolidate the results of the CIO, its unincorporated charitable subsidiary Scotty's Little Soldiers (charity number 1136854) and its trading subsidiary Scotty's Little Soldiers Trading Limited (company number 07667490). The trading subsidiary is a private company limited shares, registered in England and Wales.

A separate statement of financial activities is not presented for the CIO itself following the exemptions available under the Charities SORP.

1.3 Going concern

The trustees consider that there are no material uncertainties about the Group's ability to continue as a going concern.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

The Charity has a restricted income fund to account for situations where a donor or grant provider requires that a donation or grant must be spent on a particular purpose or where funds have been raised for a particular purpose. All other funds are unrestricted income funds.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Charity.

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.5 Incoming resources

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Assets for distribution are recognised only when distributed. Assets given for use by the Charity are recognised when receivable. Stocks of undistributed donated goods are not valued for balance sheet purposes.

Legacies are recognised on receipt or otherwise if the Charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Grant income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Scotty's Little Soldiers Trading Limited

Turnover represents amounts receivable for goods and services. Turnover also includes amounts received from fund raising events. Amounts receivable from, goods are recognised at despatch of the goods and amounts generated from fund raising events are recognised at the date received.

1.6 Resources expended

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

- Costs of generating funds are those costs incurred in trading activities that raise funds.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with the constitutional and statutory requirements.

Costs for charitable activities are recognised when the liability is incurred.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Capitalisation of fixed assets

Tangible fixed assets are capitalised at original cost of acquisition. Donated tangible fixed assets which do not have a cost to the Charity are capitalised at their current value at the date of donation.

Lodges	4% straight line basis.
Lodge and office equipment	25% straight line basis basis
Computers	25% reducing balance basis
Motor vehicles	25% reducing balance basis
<i>Scotty's Little Soldiers Trading Limited</i>	
Fixtures and fittings	15% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.8 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 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.

1.11 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.12 Financial instruments cont:

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Taxation

Scotty's Little Soldiers Trading Limited

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Restricted donation income

	Unrestricted funds	Restricted funds	Total	Total
	2019 £	2019 £	2019 £	2018 £
Donations and gifts	560,180	-	560,180	976,175
Donated assets	-	-	-	3
Other general grants	-	182,260	182,260	-
	<u>560,180</u>	<u>182,260</u>	<u>742,440</u>	<u>976,178</u>
For the year ended 31 December 2018	<u>946,465</u>	<u>29,713</u>		<u>976,178</u>
Donations and gifts				
General donations received	523,017	-	523,017	72,769
Nalco	25,000	-	25,000	-
Joe Davies	12,163	-	12,163	-
Donated assets	-	-	-	3
Incentive FM	-	-	-	15,433
Reserves in Scotty's Little Soldiers Unincorporated Charity	-	-	-	849,236
Reserves in Scotty's Little Soldiers Trading Limited	-	-	-	38,737
	<u>560,180</u>	<u>-</u>	<u>560,180</u>	<u>976,178</u>
Grants receivable for core activities				
ABF - Armys National Charity	-	10,000	10,000	-
Annington Trust	-	50,000	50,000	-
Veterans Foundation/Springboard	-	20,000	20,000	-
The Big Salute Springboard Programme	-	10,000	10,000	-
The MacRobert Trust	-	10,000	10,000	-
Lest We Forget Association	-	14,960	14,960	-
Tesco Groundworks	-	49,000	49,000	-
Lloyds Patriotic Fund	-	10,000	10,000	-
Royal Air Force Benevolent Fund	-	3,300	3,300	-
Royal Navy and Marines Charity	-	5,000	5,000	-
	<u>-</u>	<u>182,260</u>	<u>182,260</u>	<u>-</u>

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Raising funds

	Unrestricted funds	Total
	2019 £	2018 £
<u>Fundraising and publicity</u>		
Advertising	62,470	3,782
Staff costs	35,701	2,859
Support costs	41,070	6,000
	<hr/>	<hr/>
Fundraising and publicity	139,241	12,641
	<hr/>	<hr/>
Commercial trading operation	90,551	6,379
	<hr/>	<hr/>
	229,792	19,020
	<hr/>	<hr/>

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Charitable activities

	Members & Lodge expenses 2019 £	Members & Lodge expenses 2018 £
Members gifts and welcome packs	56,558	8,199
Scotty Members Christmas Party	55,250	22,841
CentreParcs & Other Holidays	42,636	-
Members travel and subsistence costs	7,959	487
Scotty lodge running costs	66,264	10,547
Members costs - computer, stationery and advertising	22,817	892
Member support costs	4,771	-
Member other costs	283	-
Family Programmes	49,000	-
	<u>305,538</u>	<u>42,966</u>
Grant funding of activities (see note 5)	29,938	2,951
Share of support costs (see note 6)	266,027	18,199
Share of governance costs (see note 6)	10,716	-
	<u>612,219</u>	<u>64,116</u>
Analysis by fund		
Unrestricted funds	466,002	58,766
Restricted funds	146,217	5,350
	<u>612,219</u>	<u>64,116</u>
For the year ended 31 December 2018		
Unrestricted funds	58,766	
Restricted funds	5,350	
	<u>64,116</u>	

5 Grants payable

	2019 £	2018 £
Grants to individuals:		
Members allowances	15,388	2,000
Members grants	14,550	951
	<u>29,938</u>	<u>2,951</u>

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SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Support costs

	Support costs	Governance costs	2019	2018
	£	£	£	£
Staff costs	187,225	-	187,225	11,767
Depreciation	30,020	-	30,020	2,957
Other office costs	34,745	-	34,745	2,761
Premises expenses	5,465	-	5,465	123
Marketing	41,070	-	41,070	6,000
Insurance	533	-	533	-
Legal and professional fees	5,659	-	5,659	389
Subscriptions	1,044	-	1,044	-
Bank charges	440	-	440	202
Training and other costs	896	-	896	-
Accountancy	-	10,716	10,716	-
	<u>307,097</u>	<u>10,716</u>	<u>317,813</u>	<u>24,199</u>
Analysed between				
Fundraising	41,070	-	41,070	6,000
Charitable activities	266,027	10,716	276,743	18,199
	<u>307,097</u>	<u>10,716</u>	<u>317,813</u>	<u>24,199</u>

Governance costs includes payments to the auditors of £7,500 (2019- £-) for audit fees, and £3,216 (2018 - £-) for non audit fees.

7 Taxation

	Group 2019	Group 2018	CIO 2019	CIO 2018
	£	£	£	£
UK Corporation tax charge on profit for the year	785	62	-	-
Origination and reversal of timing differences	(60)	(72)	-	-
	<u>725</u>	<u>(10)</u>	<u>-</u>	<u>-</u>

8 Trustees

None of the Trustees of either the CIO or unincorporated charity (or any persons connected with them) received any remuneration during the year.

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Employees

Number of employees

The average monthly number of employees during the year was:

2019 Number	2018 Number
9	7

Employment costs

	2019 £	2018 £
Wages and salaries	200,238	12,664
Social security costs	14,940	1,390
Other pension costs	7,748	572
	<u>222,926</u>	<u>14,626</u>

10 Tangible fixed assets GROUP

	Lodges £	Equipment, fixtures & fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 1 January 2019	620,352	17,913	2,345	9,825	650,435
Additions	-	804	5,521	-	6,325
Disposals	-	(1,375)	-	-	(1,375)
	<u>620,352</u>	<u>17,342</u>	<u>7,866</u>	<u>9,825</u>	<u>655,385</u>
At 31 December 2019	620,352	17,342	7,866	9,825	655,385
Depreciation and impairment					
At 1 January 2019	113,270	13,386	1,662	4,298	132,616
Depreciation charged in the period	24,814	2,949	1,551	1,382	30,696
Eliminated on disposals	-	(946)	-	-	(946)
	<u>138,084</u>	<u>15,389</u>	<u>3,213</u>	<u>5,680</u>	<u>162,366</u>
At 31 December 2019	138,084	15,389	3,213	5,680	162,366
Carrying amount					
At 31 December 2019	<u>482,268</u>	<u>1,953</u>	<u>4,653</u>	<u>4,145</u>	<u>493,019</u>
At 31 December 2018	<u>507,082</u>	<u>4,527</u>	<u>683</u>	<u>5,527</u>	<u>517,819</u>

The CIO did not hold any tangible fixed assets as at 31 December 2019.

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Fixed asset investments

	2019 £	2018 £
Investments in trading subsidiaries	3	3

Movements in fixed asset investments

	Shares £
Cost or valuation	
As at 1 January 2019	3
At 31 December 2019	3
Carrying amount	
At 31 December 2019	3
At 31 December 2019	3

Details of the group's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Country of incorporation or residency	Nature of business	Class of shareholding	% Held DirectIndirect
Scotty's Little Soldiers Trading Limited	United Kingdom	Trading company	Ordinary	100.00 -
Scotty's Little Soldiers	United Kingdom	Unincorporated charity	N/A	

A summary of the subsidiaries performance and assets is shown below:

	Trading 2019 £	Charity 2019 £	Trading 2018 £	Charity 2018 £
Income	110,255	758,311	70,229	685,298
Expenditure	(107,147)	(751,459)	(66,774)	(667,236)
Surplus/(deficit)	3,108	6,852	3,455	18,062
Net assets	24,917	887,533	21,809	880,681

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12	Financial instruments			2019	2018
				£	£
	GROUP				
	Carrying amount of financial assets				
	Debt instruments measured at amortised cost			312,386	248,986
	Carrying amount of financial liabilities				
	Measured at amortised cost			41,665	11,671
	CIO				
	Carrying amount of financial assets				
	Debt instruments measured at amortised cost			-	-
	Equity instruments measured at cost less impairment			3	3
	Carrying amount of financial liabilities				
	Measured at amortised cost			-	-
13	Stocks				
		Group	Group	CIO	CIO
		2019	2018	2019	2018
	Finished goods and goods for resale	102,183	94,956	-	-
		102,183	94,956	-	-
14	Debtors				
		Group	Group	CIO	CIO
		2019	2018	2019	2018
		£	£	£	£
	Amounts falling due within one year:				
	Trade debtors	19,458	10,649	-	-
	Other debtors	500	-	-	-
	Prepayments and accrued income	45,495	53,546	-	-
		65,453	64,195	-	-
15	Creditors: amounts falling due within one year				
		Group	Group	CIO	CIO
		2019	2018	2019	2018
		£	£	£	£
	Trade creditors	21,172	3,535	-	-
	Corporation Tax	926	734	-	-
	Other creditors	7,340	286	-	-
	Accruals and deferred income	13,154	7,851	-	-
		42,592	12,406	-	-

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Provisions for liabilities

	Group 2019 £	Group 2018 £	CIO 2019 £	CIO 2018 £
Deferred taxation	351	411	-	-
	<u>351</u>	<u>411</u>	<u>-</u>	<u>-</u>

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			
	Balance at 1 January 2018	Incoming resources	Resources expended	Balance at 1 January 2019	Incoming resources	Resources expended	Balance at 31 December 2019
	£	£	£	£	£	£	£
Royal British Legion	-	3,900	-	3,900	-	(3,900)	-
Veterans Foundation	-	10,000	-	10,000	20,000	(20,000)	10,000
The Oakland Raiders	-	5,742	-	5,742	-	(5,742)	-
Lest we forget Association	-	7,800	(5,000)	2,800	14,960	(17,760)	-
Donation - pledged restricted	-	1,921	-	1,921	-	(1,921)	-
Annington Homes	-	-	-	-	50,000	(19,594)	30,406
Tesco Groundworks	-	-	-	-	49,000	(49,000)	-
British Sugar	-	350	(350)	-	-	-	-
ABF - Armys National Charity	-	-	-	-	10,000	(10,000)	-
The MacRobert Trust	-	-	-	-	10,000	(10,000)	-
Lloyds Patriotic Fund	-	-	-	-	10,000	-	10,000
Royal Air Force Benevolent Fund	-	-	-	-	3,300	(3,300)	-
Royal Navy and Marines Charity	-	-	-	-	5,000	(5,000)	-
The Big Salute Springboard Programme	-	-	-	-	10,000	-	10,000
	-	29,713	(5,350)	24,363	182,260	(146,217)	60,406

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Restricted funds cont.

- Royal British Legion: This funding was provided to cover the cost of a third-party governance review conducted by the NCVO. This work took place in early 2019.
- Veterans Foundation: This funding is being used to fund our Support Programme.
- The Oakland Raiders: This funding from the NFL team Oakland Raiders was to cover costs associated with our joint projects with U.S. charity TAPS. The funds were spent in 2019 to cover the cost of UK families attending the TAPS Good Grief Camp in Virginia over Memorial Weekend.
- Lest We Forget: This funding was used as part of our Smiles Programme.
- Annington Homes: This funding was received for a specific bereavement programme.
- Tesco Groundworks: This funding was to provide for support costs from Tesco's initiatives for various charitable projects. It has been used as part of our Family Programmes.
- ABF The Army's National Charity: This funding was to provide a resource village and associated material for bereaved service children, young people and parents.
- The MacRobert Trust: This funding was provided in relation to Scotty's Christmas events across 2020.
- The Lloyds Patriotic Fund: This is funding for a Therapeutic Retreat Project to be spent by the charity for its members in future years.
- Royal Air Force Benevolent Fund: This funding was provided for the Christmas party and resource village.
- Royal Navy & Royal Marines Charity: This funding was provided to assist Royal Navy and Royal Marine beneficiaries. It helped contribute towards the Christmas party and support resource pack distributed to all families.
- The Big Salute Springboard Programme: This funding is to contribute toward our new SPRINGBOARD Programme launching in 2020.

18 Analysis of net assets between funds

	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £	Total 2018 £
Fund balances at 31 December 2019 are represented by:				
Tangible assets	490,849	2,170	493,019	517,819
Current assets/(liabilities)	361,194	58,236	419,430	384,671
	<u>852,043</u>	<u>60,406</u>	<u>912,449</u>	<u>902,490</u>

19 Operating lease commitments

At the reporting end date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	20,540	27,924
Between two and five years	6,030	19,185
	<u>26,570</u>	<u>47,109</u>

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	96,308	7,380

21 Cash generated from operations

	2019 £	2018 £
Surplus for the year	9,959	902,490
Adjustments for:		
Taxation (credited)	725	(10)
Depreciation and impairment of tangible fixed assets	30,696	2,986
Loss on disposal of tangible fixed assets	426	
Donation of fixed asset investment	-	(3)
Donation of reserves on consolidation – Scotty's Little Soldiers Trading Limited	-	(38,737)
Donation of reserves on consolidation – Scotty's Little Soldiers Charity	-	(849,236)
Movements in working capital:		
(Increase) in stock	(7,227)	-
(Increase) in debtors	(1,256)	(51,523)
Increase/(decrease) in creditors	29,995	(29,719)
Cash generated from/(absorbed by) operations	63,318	(63,752)