



SCOTTY'S LITTLE SOLDIERS

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

8th October 2019

RE: ANNUAL REPORT 2018

Dear Supporter,

This is an important note before you proceed with reading this report further. The annual report you are about to view is for the 'Scotty's Little Soldiers CIO' parent charity. If you are looking for the day to day charitable activities of Scotty's Little Soldiers, please search on the Charity Commission website for the charity number 1136854.

Why are there two registered charities with the name Scotty's Little Soldiers?

There are currently two Scotty's Little Soldiers registered charities for the following reason. When Scotty's Founder Nikki originally created the charity, she had no understanding of the real long-term need there was for a charity supporting bereaved military children in the UK. Her initial mission was to raise enough money to purchase a holiday home that bereaved families could use to make some new happy memories. When forming the charity, she quite rightly chose one of the more basic organisational structures. As the need for Scotty's work has grown over the years, we took the decision, in consultation with the Charity Commission, to establish a new entity which would be much better suited for the long-term future of the charity. We created Scotty's Little Soldiers CIO (Charitable Incorporated Organisation). The aim over the next 2 years will be to transition from the original charity over to this new organisation, at which point the original charity will be dissolved.

Why keep both charities running for now?

The reason for keeping two charities currently is that there are a number of existing leases and agreements in place with the original charity which would prove difficult and expensive to move to the new one. We will keep the original charity until these agreements have all expired. In the meantime, the CIO has become the sole Trustee of the original charity and will act as a 'parent' charity. Therefore, the financial information included in this report details the movement of fixed and current assets onto the balance sheet of the CIO and doesn't include the day to day activities (both fundraising and charitable) of the charity during the year of 2018. For a true perspective of the charity's work during the year please view the full annual report by searching for the charity number 1136854.

Should you have any further questions we have a video explaining this in more detail on our YouTube channel (search: Scotty's TV) or please feel free to email us at hello@scottyslittlesoldiers.co.uk

Kind regards

Stuart Robinson
Chief Executive

SCOTTY'S LITTLE SOLDIERS
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

SCOTTY'S LITTLE SOLDIERS

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Brendan Holmes Steve Ward Jason Worthy (resigned 19 th November 2018) 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 - 25

SCOTTY'S LITTLE SOLDIERS

TRUSTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustees present their report and financial statements for the year ended 31 December 2018.

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.

Vision:

'We want every bereaved British Forces child to have access to the very best emotional support, outstanding development opportunities and the chance to smile again'

Objectives:

1. To provide relevant and genuinely beneficial support to bereaved British Forces children which has a profoundly positive impact on their future lives.
2. To make this support available to as many bereaved British Forces children as possible.
3. To build a respected and sustainable charity which is able to fulfil objectives 1 & 2 for as long is required by our beneficiaries.

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 2018

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

- Provided direct support to 385 bereaved British Forces children and young people and their families.
- Dispatched 1,772 gifts and vouchers during the year for anniversaries such as birthdays, Christmas, the death of their parent or Remembrance.
- Organised an exclusive magical weekend Christmas event for 110 beneficiaries with travel expenses and overnight accommodation included.
- Sent 345 gift vouchers at the anniversary of a child's parent death and 355 family meal vouchers at Remembrance.
- Opened 133 Family Support cases using the Charity's online support forum.
- Provided £20,404 in small grants including;
 - > 101 Scotty Allowance grants.
 - > 4 Higher Education Grants.
 - > 9 Driving Lesson Grants.
 - > 5 Super Grants

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 £880,681 which includes £515,766 of tangible assets and £226,300 in cash reserves available to use. £856,318 of the reserves held are categorised as unrestricted funds, £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. In late 2018 a new range of charity merchandise, 'Fear Naught' was launched and immediately sold well. The Trustees believe that Fear Naught represents a huge opportunity for the charity to develop a sustainable long-term source of income and has opened up the charity to a new audience of supporters.

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.

SCOTTY'S LITTLE SOLDIERS

TRUSTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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:

- The primary objective for the charity is to make its existing range of activities available to more bereaved children.
- Having secured funding to develop the charity's SUPPORT Programme during 2018, these plans will be implemented during 2019.
- The charity will seek to diversify its fundraising activities by increasing its focus on grants and 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
Mr S Ward
Mr L Priestley
Mrs M Harris
Mr S Millar

(Appointed 22 May 2018)

(Appointed 22 May 2018)

Charity

Mr J S Worthy
Mr L Priestley
Mr B Holmes
Scotty's Little Soldiers (CIO)

(Resigned 31 December 2018)

(Resigned 31 December 2018)

(Resigned 31 December 2018)

(Appointed 31 December 2018)

SCOTTY'S LITTLE SOLDIERS

TRUSTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

During the year the CIO appointed two new Trustees to add additional skills to the new board. 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 2018.

Disclosure of information to auditor

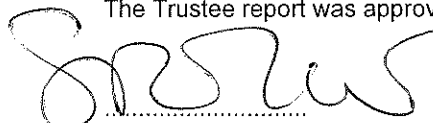
Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware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

SCOTTY'S LITTLE SOLDIERS

TRUSTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustee report was approved by the Board of Trustees.



.....
SIMON MILLAR - CHAIRMAN
Dated: 15-9-19.....

SCOTTY'S LITTLE SOLDIERS

STATEMENT OF TRUSTEE RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

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 'CLO') and its subsidiaries (the "Group") for the year ended 31 December 2018 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 affairs as at 31 December 2018 and of its 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 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 financial statements is inconsistent in any material respect with the Trustee report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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 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 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.

The comparatives as disclosed in the financial statements have not been subject to audit.

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

19/09/2019

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 2018

	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
<u>Income from:</u>					
Restricted donation income	2	946,465	29,713	976,178	-
Commercial trading operation		9,438	-	9,438	-
Total income received		955,903	29,713	985,616	-
<u>Expenditure on:</u>					
Raising funds	3	19,020	-	19,020	-
Charitable activities	4	58,766	5,350	64,116	-
Taxation	7	(10)	-	(10)	-
Total resources expended		77,776	5,350	83,126	-
Net (expenditure)/income for the year/ Net movement in funds					-
Fund balances at 1 January 2018		-	-	-	-
Fund balances at 31 December 2018		878,127	24,363	902,490	-

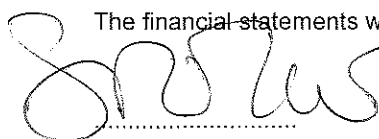
The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

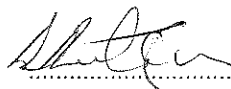
SCOTTY'S LITTLE SOLDIERS
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Fixed assets					
Tangible assets	10	517,819	-	-	-
Investments	11	-	-	3	-
		<u>517,819</u>	<u>-</u>	<u>3</u>	<u>-</u>
Current assets:					
Stocks	14	94,956	-	-	-
Debtors	15	64,195	-	-	-
Cash at bank and in hand		238,337	-	-	-
		<u>397,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	16	<u>(12,406)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current assets		<u>385,082</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provisions for liabilities	17	<u>(411)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>902,490</u>	<u>-</u>	<u>3</u>	<u>-</u>
Income funds					
Restricted funds	18	24,363	-	-	-
Unrestricted funds		878,127	-	3	-
		<u>902,490</u>	<u>-</u>	<u>3</u>	<u>-</u>

The financial statements were approved by the Trustees on 15-9-19



SIMON MILLAR
Chairman



LUKE PRIESTLEY
Trustee

SCOTTY'S LITTLE SOLDIERS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	22		(63,752)		-
Investing activities					
Cash introduced on acquisitions		302,089		-	
Net cash used in investing activities			302,089		-
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			302,089		-
Cash and cash equivalents at beginning of year			-		-
Cash and cash equivalents at end of year			238,337		-

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018

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

Scotty's Little Soldiers Trading Limited

Fixtures and fittings	15% reducing balance basis
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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 2018

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 2018

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 2018

2 Restricted donation income

	Unrestricted funds	Restricted funds	Total	Total
	2018 £	2018 £	2018 £	2017 £
Donations and gifts	946,462	29,713	976,175	-
Donated assets	3	-	3	-
Other general grants	-	-	-	-
	<u>946,465</u>	<u>29,713</u>	<u>976,178</u>	<u>-</u>
For the year ended 31 December 2017	<u>-</u>	<u>-</u>		<u>-</u>
Donations and gifts				
General donations received	72,769	-	72,769	-
Donated assets	3	-	3	-
Incentive FM	15,433	-	15,433	-
Reserves in Scotty's Little Soldiers Unincorporated Charity	819,523	29,713	849,236	-
Reserves in Scotty's Little Soldiers Trading Limited	38,737	-	38,737	-
	<u>946,465</u>	<u>29,713</u>	<u>976,178</u>	<u>-</u>

3 Raising funds

	Unrestricted funds	Total
	2018 £	2017 £
<u>Fundraising and publicity</u>		
Advertising	3,782	-
Staff costs	2,859	-
Support costs	6,000	-
	<u>12,641</u>	<u>-</u>
Fundraising and publicity	12,641	-
Commercial trading operation	6,379	-
	<u>19,020</u>	<u>-</u>

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

4 Charitable activities

	Members & Lodge expenses 2018 £	Members & Lodge expenses 2017 £
Members gifts and welcome packs	8,199	-
Scotty Members Christmas Party	22,841	-
CentreParcs & Other Holidays	-	-
Members travel and subsistence costs	487	-
Scotty lodge running costs	10,547	-
Members costs - computer, stationery and advertising	892	-
Member support costs	-	-
Member other costs	-	-
	<hr/>	<hr/>
	42,966	-
Grant funding of activities (see note 5)	2,951	
Share of support costs (see note 6)	18,199	-
Share of governance costs (see note 6)	-	-
	<hr/>	<hr/>
	64,116	-
	<hr/>	<hr/>
Analysis by fund		
Unrestricted funds	58,766	-
Restricted funds	5,350	-
	<hr/>	<hr/>
	64,116	-
	<hr/>	<hr/>
For the year ended 31 December 2017		
Unrestricted funds	-	
Restricted funds	-	
	<hr/>	
	-	
	<hr/>	

5 Grants payable

	2018 £	2017 £
Grants to individuals:		
Members allowances	2,000	-
Members grants	951	-
	<hr/>	<hr/>
	2,951	-
	<hr/>	<hr/>

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SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Support costs

	Support costs	Governance costs	2018	2017
	£	£	£	£
Staff costs	11,767	-	11,767	-
Depreciation	2,957	-	2,957	-
Other office costs	2,761	-	2,761	-
Premises expenses	123	-	123	-
Marketing	6,000	-	6,000	-
Insurance	-	-	-	-
Legal and professional fees	389	-	389	-
Subscriptions	-	-	-	-
Bank charges	202	-	202	-
Training and other costs	-	-	-	-
Accountancy	-	-	-	-
	<u>24,199</u>	<u>-</u>	<u>24,199</u>	<u>-</u>
Analysed between				
Fundraising	6,000	-	6,000	-
Charitable activities	18,199	-	18,199	-
	<u>24,199</u>	<u>-</u>	<u>24,199</u>	<u>-</u>

Governance costs includes payments to the auditors of £- (2017- £-) for audit fees.

7 Taxation

	Group 2018	Group 2017	CIO 2018	CIO 2017
	£	£	£	£
UK Corporation tax charge on profit for the year	62	-	-	-
Origination and reversal of timing differences	(72)	-	-	-
	<u>(10)</u>	<u>-</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 2018

9 Employees

Number of employees

The average monthly number of employees during the year was:

2018 Number	2017 Number
7	-

Employment costs

	2018 £	2017 £
Wages and salaries	12,664	-
Social security costs	1,390	-
Other pension costs	572	-
	14,626	-

10 Tangible fixed assets GROUP

	Lodges £	Equipment, fixtures & fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 1 January 2018	-	-	-	-	-
Additions	-	-	-	-	-
Additions on acquisition of unincorporated charity	620,352	11,508	2,345	9,825	644,030
Additions on acquisition of trading subsidiary	-	6,405	-	-	6,405
At 31 December 2018	620,352	17,913	2,345	9,825	650,435
Depreciation and impairment					
At 1 January 2018	-	-	-	-	-
Depreciation charged in the period	2,515	261	23	187	2,986
Depreciation on acquisition	110,755	13,125	1,639	4,111	129,630
At 31 December 2018	113,270	13,386	1,662	4,298	132,616
Carrying amount					
At 31 December 2018	507,082	4,527	683	5,527	517,819
At 31 December 2017	-	-	-	-	-

The CIO did not hold any tangible fixed assets as at 31 December 2018.

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Fixed asset investments

	2018 £	2017 £
Investments in trading subsidiaries	3	-

Movements in fixed asset investments

	Shares £
Cost or valuation	
Additions	3
At 31 December 2018	3
Carrying amount	
At 31 December 2018	3
At 31 December 2017	-

Details of the group's subsidiaries at 31 December 2018 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 2018 £	Charity 2018 £	Trading 2017 £	Charity 2017 £
Income	70,229	685,298	-	-
Expenditure	(66,774)	(667,236)	-	-
Surplus/(deficit)	3,455	18,062	-	-
Net assets	21,809	880,681	-	-

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Acquisitions

Scotty's Little Soldiers CIO (charity number 1170528) became the sole trustee of Scotty's Little Soldiers unincorporated charity (charity number 1136854) on the 27 November 2018. Under accounting standards, the criteria for accounting for the transaction as a merger were not met. As such acquisition accounting has been applied.

On the 27th November 2018, the shares held in Scottys Little Soldiers Trading Limited were transferred from the individual shareholders to Scotty's Little Soldiers CIO. This transaction was a gift.

The following tables set out the book value of the assets and liabilities acquired by the group and the CIO:

	2018 £	2017 £
Scotty's Little Soldiers Charity		
Tangible fixed assets	518,722	-
Stock	58,942	-
Debtors	17,869	-
Cash at bank and in hand	291,042	-
Creditors	(37,339)	-
	<hr/>	<hr/>
Net assets	849,236	-
	<hr/>	<hr/>

The excess value of £849,236 has been treated as a donation and recognised as such in the Statement of Financial Activities.

Scotty's Little Soldiers Trading Limited

Tangible fixed assets	2,083	-
Stock	36,014	-
Cash at bank and in hand	11,047	-
Creditors	(9,921)	-
Deferred taxation	(483)	-
	<hr/>	<hr/>
Net assets	38,740	-
	<hr/>	<hr/>

The excess value of £38,737 has been treated as a donation and recognised as such in the Statement of Financial Activities.

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13	Financial instruments			2018	2017
				£	£
	GROUP				
	Carrying amount of financial assets				
	Debt instruments measured at amortised cost			248,986	-
	Carrying amount of financial liabilities				
	Measured at amortised cost			11,671	-
	CIO				
	Carrying amount of financial assets				
	Debt instruments measured at amortised cost			-	-
	Equity instruments measured at cost less impairment			3	-
	Carrying amount of financial liabilities				
	Measured at amortised cost			-	-
14	Stocks				
		Group	Group	CIO	CIO
		2018	2017	2018	2017
	Finished goods and goods for resale	94,956	-	-	-
		94,956	-	-	-
15	Debtors				
		Group	Group	CIO	CIO
		2018	2017	2018	2017
		£	£	£	£
	Amounts falling due within one year:				
	Trade debtors	10,649	-	-	-
	Prepayments and accrued income	53,546	-	-	-
		64,195	-	-	-
16	Creditors: amounts falling due within one year				
		Group	Group	CIO	CIO
		2018	2017	2018	2017
		£	£	£	£
	Trade creditors	3,535	-	-	-
	Corporation Tax	734	-	-	-
	Other creditors	286	-	-	-
	Accruals and deferred income	7,851	-	-	-
		12,406	-	-	-

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Provisions for liabilities

	Group 2018 £	Group 2017 £	CIO 2018 £	CIO 2017 £
Deferred taxation	411	-	-	-
	<u>411</u>	<u>-</u>	<u>-</u>	<u>-</u>

18 Restricted funds

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

	Movement in funds		
	Balance at 1 January 2018 £	Incoming resources £	Resources expended £
			Balance at 31 December 2018 £
Royal British Legion - governance work	-	3,900	-
British Sugar	-	350	(350)
The Oakland Raiders	-	5,742	-
Lest we forget Association	-	7,800	(5,000)
NFL Oakland Raiders	-	1,921	-
Veterans Foundation	-	10,000	-
	<u>-</u>	<u>29,713</u>	<u>(5,350)</u>
			<u>24,363</u>

- Royal British Legion: This donation was to cover the cost of a third-party governance review conducted by the NCVO. This work took place in early 2019.
- British Sugar Donation: This was a contribution towards the Christmas party.
- The Oakland Raiders: This donation 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 donation: The balance remaining is to provide five respite breaks.
- NFL Oakland Raiders: This donation 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.
- Veterans Foundation: This donation is to contribute toward our new SPRINGBOARD Programme launching in 2019.

19 Analysis of net assets between funds

	Unrestricted 2018 £	Restricted 2018 £	Total 2018 £	Total 2017 £
Fund balances at 31 December 2018 are represented by:				
Tangible assets	517,819	-	517,819	-
Current assets/(liabilities)	360,308	24,363	384,671	-
	<u>878,127</u>	<u>24,363</u>	<u>902,490</u>	<u>-</u>

SCOTTY'S LITTLE SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 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:

	2018 £	2017 £
Within one year	27,924	-
Between two and five years	19,185	-
	<u>47,109</u>	<u>-</u>

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>7,380</u>	<u>-</u>

22 Cash generated from operations

	2018 £	2017 £
Surplus for the year	902,490	-
Adjustments for:		
Taxation (credited)	(10)	-
Depreciation and impairment of tangible fixed assets	2,986	-
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:		
Decrease/(increase) in debtors	(51,523)	-
(Decrease)/increase in creditors	(29,719)	-
Cash generated from/(absorbed by) operations	<u>(63,752)</u>	<u>-</u>