

Registered Company Number: SC243492 (Scotland)
Registered Charity Number: SC031619

Inclusion Scotland

Report of the Trustees and Financial Statements

For the year ended 31 March 2020

Inclusion Scotland

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For the year ended 31 March 2020

Contents	Page
Report of the Trustees	1 to 12
Report of the Independent Auditors	13 to 15
Consolidated Statement of Financial Activities	16
Charity Statement of Financial Activities	17
Consolidated Balance Sheet	18
Consolidated Cash Flow Statement	19
Notes to the consolidated Cash Flow Statement	20
Notes to the Financial Statements	21 to 30
Detailed Statement of Financial Activities	31

**Inclusion Scotland
Report of the Trustees
For the year ended 31 March 2020**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, are pleased to present their report with the financial statements of the charity and its subsidiary for the year ended 31 March 2020. The trustees have adopted the provisions of 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) (second edition October 2019).

The charity has its registered Head Office at 22-24 Earl Grey Street, Edinburgh EH3 9BN. It also has desk-space at Brunswick House, 51 Wilson Street, Glasgow G1 1UZ and at Fairways House, Fairways Business Park, Slackbuie Avenue, Inverness IV2 6AA.

Inclusion Scotland is a national membership organisation, led by disabled people (a Disabled People's Organisation - DPO). Its extensive networks span the country. In furtherance of its charitable objects, its mission is to achieve positive changes to policy and practice, so that disabled people are fully included throughout all Scottish society as equal citizens. We do this by seeking to influence decision-makers, supporting disabled people to be decision-makers themselves, and developing capacity, awareness and engagement. There are several key strands to the delivery of our Core Business, namely policy analysis, capacity building, engagement and information work. We also run time-limited projects. Some of these received ongoing funding and have become an established part of our work, notably those concerning the delivery of internships for disabled people and support for their participation in politics/ public life, including to become elected politicians.

It is important to note that the funding year for our work is no longer aligned with the financial year. Most of our funding runs from July to June, whereas the financial year runs from April to March. This means that underspends and overspends shown in these audited accounts for the financial year 2019/20 cannot be taken to indicate that expenditure is off track.

Objects, outcomes and activities

Inclusion Scotland's objects as set out in the Articles of Association are:

- 4.1 To promote the benefit and relieve the needs of persons within Scotland who are disabled and in furtherance thereof the company shall seek:
- 4.2 To assist and support individuals, local, regional and national groups working on disability related issues.
- 4.3 To increase the understanding of the problems of disability and social exclusion through education and to encourage inclusion in its fullest sense between disabled and non-disabled members of the community.
- 4.4 To provide a means of consultation and joint action among voluntary and statutory organisations concerned with the social and economic inclusion of all disabled people.

Objects, outcomes and activities (continued)

Outcomes and activities

The organisation's outcomes for the year were framed with reference to the priorities of disabled people, as established via engagement events, and of our funders, in particular our main core funder, the Scottish Government's Equality Unit. In each case, a series of activities was identified through which to deliver those outcomes, along with monitoring and evaluation methods that would enable us to measure progress. Our core main grant business plan outcomes and activities, below, form an overarching framework for all our work, with separately funded projects enabling key areas of activity to be further developed.

Outcome 1: Promoting disabled people's active participation: Policy at national and local level will be better informed by disabled people's views, as more disabled people are enabled to fulfil their human right to participation in political and public life, thereby strengthening democracy and promoting our civil and social inclusion.

- **Engagement opportunities:** We will take – and make - opportunities to bring disabled people and policy-makers together at national and local levels, and help ensure disabled people's views and interests are represented in policy debates. supporting and capacity-building DPOs and disabled people, and explore how to strengthen national/ local connections and our geographical reach.
- **Engagement structures:** We will make best use of existing engagement infrastructure and explore scope to expand and strengthen it.
- **Strengthening policy work:** We will strengthen our policy work through action to ensure it is strategic, integrated, evidence-based and solution-focused.
- **Ongoing input to policy:** We will take action to ensure that priority areas of policy development take disabled people's views and live experience into account.

Outcome 2: Improved benefits and access to employment: Disabled people will be better supported to avoid poverty and to get in, get on and stay in employment.

- **Devolved social security system:** We will contribute disabled people's views and our policy expertise to the shaping and delivery of the new Scottish social security system as a key priority.
- **Reserved benefits:** We will continue to expose the impact of Westminster Government welfare cuts on disabled people and challenge them whenever we can. We will also identify and draw attention to issues arising from the interface between reserved and devolved benefits.
- **Poverty:** We will identify factors that account for disabled people's disproportionate likelihood to be living in poverty and promote action to address these.
- **Tackling the employment gap:** We will seize opportunities for action to remove barriers to disabled people's employment.

Outcomes and activities (continued)

Outcome 3: Key services are designed and developed that support disabled people to have choice and control over their lives, where they live and the support they need to meet their full potential, as necessary to achieve independent living. Action on climate change, new approaches or services or changes to existing provision, are designed and delivered in ways that do not impact adversely on disabled people.

- **Drive forward action on accessible housing**
- **Investigate key current issues on education:** We will investigate reports on cuts to Additional Support for Learning (ASL) and issues around this and explore the case for mainstream vs segregated education.
- **Investigate specific impact on disabled people of climate change and mitigating action.**
- **Support others leading on accessible transport:** We will maintain a watching brief and support the work of leads where we can add value and as our resources permit.

Outcome 4: Protecting, promoting disabled people's rights and access to justice: Disabled people's rights, including human rights, will be protected and promoted and access to justice remedies will be opened up so that they receive fair treatment at all times.

- **Human rights:** We will build on the UN Committee's examination of progress on UNCRPD, support the implementation of the Scottish Government's UNCRPD delivery plan, spread awareness of human rights, and embed them into policy and practice.
- **Brexit:** We will do what we can to ensure that disabled people and DPOs in Scotland are not adversely affected by the UK's withdrawal from the European Union and that any scope for improvements is identified and seized.
- **Negative attitudes and treatment:** We will challenge negative attitudes towards, and treatment of disabled people, asserting our rights and the value of what we and our own organisations can contribute.
- **Access to justice:** We will promote action to remove the barriers that impede or prevent disabled people's access to justice and explore ways to boost disabled people's confidence to seek redress.

Outcome 5: Developing and strengthening our work and our organisation

- **Governance and management**
- **Review of constitution:** We will review our constitution, including to see if we can strengthen involvement of/ accountability to our members and clarify issues relating to the Board.
- **Finance and administration:** We will ensure we have in place and implement the right policies and procedures to ensure we have the necessary capacity in place and enable effective, efficient delivery with robust controls.
- **Communications, information and stakeholder engagement**
- **Premises:** We will make best use of our new premises.

Achievement and performance

Charitable activities

**Inclusion Scotland
Report of the Trustees
For the year ended 31 March 2020**

The trustees consider that the overall performance of the organisation during the year has been satisfactory.

An overview of Inclusion Scotland's activities and achievements during this period, for each of the areas of work described above, both funded through our core main grant and the project funding itemized below, is contained in the Annual Report, to be published in November 2020.

Funding

Inclusion Scotland applied for **Scottish Government Equality Unit funding** for the period 2017-2020. There were two awards made: one being the core main grant and the other encompassing concerning the 'APPLE' projects described below (excepting the Access to Elected Office Fund which is funded by Scottish Government Community-led Regeneration Division) and the Localisation and Empowerment project. Both were awarded initially for the first year and provisionally for subsequent years during that period. The funding year runs from July to June, so is not aligned to the financial year covered by this report (1 April 2018 - 31 March 2019).

During the period covered by this report, in addition to core funding, we received additional funding from the Equality Unit, or administered via the Equality Unit, for the following projects:

- **The 'Access to Politics, Public Life and Employment' (APPLE) projects which include –**
 - The Access to Elected Office Fund Scotland' which aims to level the playing field for those disabled people seeking to become candidates at the 2021 Scottish Parliament elections, and by-elections, by meeting their extra impairment or disability-related costs.
 - The 'Access to Politics' project which provides advice and support to disabled people wanting to participate in party politics and to political parties around improving access.
 - The 'WeCanWork' Internships' scheme, placing disabled people with third and public sector bodies throughout Scotland. Seed-corn funding was also agreed to enable exploration of the scope to role this out to the private sector on a fee-paying basis.

- **The 'Local Policy and Engagement' project in the Highlands**, which supports local disabled people, Disabled People's Organisations and others to increase disabled people's participation in local decision-making, promotes the establishment of local DPOs, and extends Inclusion Scotland's reach.

Achievement and performance (continued)

In addition, we received funding from other sources as follows:

- We received funding from **the Big Lottery Fund**:
 - We continued to receive funding from the Big Lottery Fund as one of four nation partners working together to promote research into independent living through the Disability Research on Independent Living and Learning (DRILL) programme. Our partners are Disability Rights UK, Disability Wales and Disability Action Northern Ireland. The latter is the grant-holder. The overall value of the grant is £5mn, to fund a 5-year programme.
 - As one of the DRILL partners, we have now been awarded funding from the DRILL programme to carry out research across the 4 UK nations on the subject of changing attitudes. Inclusion Scotland is the lead partner for the research and is carrying out research in Scotland on changing attitudes of service designers and deliverers which underpin discrimination experienced by disabled people with other characteristics.
 - We received new funding from Big Lottery Fund for a year-long project on Lived Experience Leadership, working to co-produce with disabled people and test out options and generate resource materials to promote the leadership of people with lived experience of disability.
- We received two tranches of funding from Scottish Government Social Care Support:
 - We received funding to deliver the People-led Policy Panel on Social Care Support. This is a group of people who use social care support who we support to co-produce policy on social care support with Scottish Government officials.
 - We received supplementary core funding under the title “Team Expansion” towards posts that provide internal organisational support – specifically the Staff Support Officer and the Head of Business Development.

In addition, we generated a small amount of fee-based income through our employment related work, primarily the private sector-focussed expansion of our internship programme and the delivery of training and consultancy.

We are very grateful to all our funders.

Financial review

Reserves policy

It is the policy of the charity to maintain funds at a level which provides sufficient *funds to cover management administration and support costs for a period of three months*. In view of the rapid expansion of the organisation and the move to new premises there is still more to do to meet this goal. The trustees are aware of this situation and action is being taken to address this, including the implementation of a fundraising strategy and proposals to develop Real Inclusion Ltd, Inclusion Scotland’s trading subsidiary. The current Covid-19 situation may mean that this will take longer, however our funding for the coming year has been confirmed as secure and we are not anticipating a repeat of the negative impact experienced in the past year as these were due to initial setup costs for our new premises.

Future plans

With Brexit on the horizon, we always knew that firm future plans would be hard to make and would likely to be subject to change. Nevertheless, we were anticipating that much of our work would continue along its current course, reflecting the fact that, aside from the unknowns of Brexit, disabled people's needs had not much changed and much of the work we were doing remained strategically relevant. There was to be a particular new focus on the impact on disabled people of climate change and action to address it, leading up to the expected government-led international conference in the Autumn and the development of a manifesto for the Scottish Parliament elections. That aside, we expected our work to continue - on developments in devolved Social Security, notably Disability Assistance, Adult Social Care Reform, delivery of internships and human rights, with the ending of the Scottish Government's current delivery plan for the latter. We expected demand for the Access to Elected Office Fund to grow, new private sector internships in the pipeline to roll out and the Disability Research on Independent Living and Learning (DRILL) Programme and Lived Experience Leadership project to conclude. We expected the new Highland Disabled People's Organisation to get off the ground and the justice hub to be launched. We also expected to start generating income through hiring out rooms in our new premises.

However, just a few weeks before the end of the 2019-20 year, Covid-19 arrived and with it the need fundamentally to review all our work, operations and priorities. We took swift action. By the end of the year, this review was nearing completion. In addition to staff wellbeing and ensuring funding was secure, key issues and priorities identified included: the importance of digital connection; how to keep abreast of disabled people's needs and views (perhaps via surveys), and ensure rapid Scottish Government policy-making took them into account; preserving human rights; and providing support for employers, such as on accessible and effective remote working. Demands for social care support looked likely to increase, yet there is early evidence support is being withdrawn, and there are questions about equal access to healthcare. There will be challenges when it comes to meeting basic needs for access to food and medication, but there may be things we can do to support others to deliver these. Strengthening relations with our members and partners will be critically important. Internships in the pipeline were already being put on hold or dropped altogether by hosts, so we will focus on developing new offers to employers. Meanwhile, we will investigate ways of delivering scheduled projects and events online, while being mindful of potential access issues. We believe this should largely be possible, though changes to external schedules, e.g. on the development of devolved benefits, will have an unavoidable impact. Furthermore, Brexit has not gone away and the prospect of a no-deal outcome looks ever more likely.

In common with all other organisations, we face challenging times ahead. The governance role of our Board, notably risk management, will be of key importance to enabling us to steering through this. As an organization with many disabled staff and Board members, we are well used to working in creative, flexible ways. This gives us some advantages. Yet, no doubt what lies ahead will test us all, exposing organisational weaknesses and strengths. Our key strength lies in the commitment of our staff and the knowledge that Inclusion Scotland has a vitally important role to play. It has never been more necessary to promote the interests and voices of disabled people. Without this, many can be expected to be at particularly high risk, not just of Covid-19 but of poorly designed responses to it.

Structure, governance and management

Governing document

Inclusion Scotland is governed by its Articles of Association.

Appointment to the Board of trustees

The process for appointing trustees is set out in the Articles of Association. Candidates are nominated by full member organisations (Disabled People's Organisations). Where the number of nominees exceeds the number of places available in each case, an election is held at the Annual General Meeting.

The Board of trustees meets approximately four times a year. Two subcommittees also meet quarterly between Board meetings: Policy and Research, and Resources.

The Constitution allows for 7 elected members and 5 co-opted places. Following the AGM in October 2019, 7 elected members were in place. Five co-options were then made. There were three office bearers - Convenor, Vice Convenor, and Treasurer. The Company Secretary is a member of the staff team (Chief Executive Officer).

Organisational structure

During the 2019-20 year Inclusion Scotland carried out a restructuring exercise, creating a Senior Management Team and four Departments:

- Senior Management team
- Business Development Department
- Civic Participation Department
- Organisational Support Department
- Policy and Research Department

Staff members were:

- John Beaton (Highland Policy and Engagement Officer)
- Janice Campbell (Admin Support Assistant until September 2019)
- Madeleine Cassell (Lived Experience Leadership Project Officer from September 2019)
- Heather Fiskin (Head of Policy and Research Department)
- Susie Fitton (Policy Officer)
- Deirdre Henderson People-led Policy Officer (Social Care Support)
- Philip Heritage (Business Development Assistant from October 2019)
- Andrew Jarvie (Highlands Communications and Engagement Worker from September 2019)
- Sue Kelly (Head of Organisational Support Department)
- Josie Isles (DRILL Programme Officer until October 2019)
- Samantha Masuku (Finance and Accounts Worker from September 2019)
- Rebecca McGregor (Policy and Research Officer)
- Phyl Meyer (Head of Business Development Department)
- Carrie Morse (Staff Support Officer from October 2019)
- Pauline Nolan (Head of Leadership and Civic Participation Department)
- April O'Neil (Leadership and People-led Policy Assistant)
- Stuart Pyper (Civic Participation Assistant)
- Lois Ratcliffe (Internship Programme Manager)

Structure, governance and management (continued)

Staff member list continued...

- Bill Scott (Senior Policy Advisor)
- Janice Sheridan (Events and Partnership Secretary)
- Iain Smith (National and Local Policy Manager)
- Naomi Waite (Employment Officer)
- Jamie Walker (Policy and Research Worker from January 2019)
- Kirsty Watters (Leadership Development Assistant until December 2019)
- Lynne Wham (Communications and Information Worker)
- Alex Wilson (Employment Officer - Private Sector)
- Sally Witcher (Chief Executive Officer)
- Ethan Young (Civic Participation Manager)

Membership

Last year's AGM agreed some changes to the names and description of membership categories, and over the past year we have undertaken work to update membership records and increase sign-up. Thanks to these efforts the year's figures show an increase from 573 to 727. Disabled Peoples' Organisations remain the only category of voting member, with other categories now labelled in other ways.

Members - Disabled People's Organisations – led by disabled people	43
Associates - Individual members who are disabled people	505
Affiliates – disability focused organisations but not led by disabled people	73
Supporters (Non disability organisations)	38
Supporters (Non-disabled Individuals)	68

Total Membership/Supporters: ----- 727
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In addition to our membership, we reach a large number of organisations and individuals, through our networks and communications, notably our weekly e-bulletin.

Board members induction and training

New Board Members receive an induction and all receive ongoing support and development, as required to fulfil their governance role effectively.

Risk management

The risk register is reviewed regularly. The trustees continue to operate established systems for risk management and mitigation, notably through receiving regular status reports on risks included in the register, with explanations for changes in scores and proposals for additional mitigating action, as necessary.

Pay policy for senior staff

The trustees consider that the board of trustees, who are the charity's directors, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses are disclosed in note 7 to the accounts.

Structure, governance and management (continued)

Senior staff pay scales are benchmarked against SJC pay grades where possible. However, the trustees recognized that senior staff pay may not have kept pace with the expansion of their responsibilities that has accompanied the growth of the organisation. They commission an independent review of staff pay, carried out during the reporting year, and established a working group to review and progress the outcomes.

Subsidiary trading company

Real Inclusion Limited is a company registered in Scotland and its principal activity is to raise income for Inclusion Scotland. Trustees Mr D Kelter and Mr T Robinson are its directors. Ms N Birney resigned as a trustee and as director of Real Inclusion Limited on 30 October 2019. Dr S Witcher replaced Mr W Scott as its company secretary on 15 July 2019.

Reference and administrative details

Registered Company number

SC243492 (Scotland)

Registered Charity number

SC031619

Registered office

22-24 Earl Grey Street
Edinburgh
EH3 9BN

Trustees

Mr T Robinson (Convenor) (resigned 17 August 2020)
Dr J Elder-Woodward
Mr D Kelter
Ms I Paterson
Ms G Lawrence (reappointed 30 October 2019, Treasurer)
Mr T Tomory (resigned 26 August 2019)
Mr C Baird (Vice-Convenor) (resigned 30 October 2019)
Ms N Birney (Treasurer) (resigned 30 October 2019)
Mr A Tubb (resigned 30 October 2019)
Ms T Burke (resigned 30 October 2019)
Dr Kirstein Rummery (reappointed 30 October 2019)
Mr R McMullan (reappointed 4 December 2019)
Ms T Cotton (appointed 30 October 2019)
Mr A Mason (appointed 30 October 2019)
Mr L Starrs-Cunningham (appointed 30 October 2019, Vice Convenor)
Dr F Campbell (appointed 4 December 2019)
Mr M Mackintosh (appointed 4 December 2019)

As the company is limited by guarantee, the financial interests of the trustees in the company are identical to those of the members.

Reference and administrative details (continued)

Chief Executive Officer

Dr S Witcher

Company Secretary

Mr W Scott (resigned 15 July 2019)

Dr S Witcher (appointed 15 July 2019)

Auditors

Chiene + Tait LLP

Chartered Accountants and Statutory Auditors

61 Dublin Street

Edinburgh

EH3 6NL

Bankers

Bank of Scotland

8 Lochside Avenue

Edinburgh

EH12 9DJ

Statement of Trustees responsibilities

The trustees (who are also the directors of Inclusion Scotland for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable
- company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow trustees and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the Board of trustees on 23/10/2020, signed on its behalf by:

..... Leo Starrs-Cunningham, Vice-Convenor.

Opinion

We have audited the consolidated and parent charitable company's financial statements of Inclusion Scotland for the year ended 31 March 2020 on pages 16 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast
- significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Report of the independent auditors to the trustees of Inclusion Scotland

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, 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are
- prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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.

Our responsibilities for the audit of the financial statements

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an 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 charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy M Chittleburgh CA
Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
EDINBURGH
EH3 6NL

2020

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

INCLUSION SCOTLAND

**CONSOLIDATED STATEMENT of FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)**

For the year ended 31 March 2020

	Notes	Un- restricted Funds £	Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Income and Endowments from:					
Charitable income	2	435,846	-	435,846	445,839
Charitable activities					
Project activities	3	-	459,705	459,705	595,946
Other trading activities					
Commercial trading operations		-	-	-	75
Other income		16,491	-	16,491	5,732
Total		452,337	459,705	912,042	1,047,592
Expenditure on:					
Costs of raising funds					
Commercial trading operations		-	-	-	-
Charitable activities					
General activities	4	(479,848)	(700,522)	1,180,370	996,499
Total		(479,848)	(700,522)	1,180,370	996,499
Net income/(expenditure)		(27,511)	(240,817)	(268,328)	51,093
Transfer between funds		-	-	-	-
		(27,511)	(240,817)	(268,328)	51,093
Other recognised gains/(losses)					
Actuarial gains/(losses)		2,557	-	2,557	22,306
Net movement in funds		(24,954)	(240,817)	(265,771)	73,339
Reconciliation of Funds					
Total funds brought forward		47,272	280,669	327,941	254,542
Total Funds Carried Forward		22,318	39,852	62,170	327,941

All income and expenditure has arisen from continuing activities.

INCLUSION SCOTLAND

**CHARITY STATEMENT of FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)**

For the year ended 31 March 2020

	Notes	Un- restricted Funds £	Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Income and Endowments from:					
Donations and legacies	2	435,846	-	435,846	445,839
Charitable activities					
Project activities	3	-	459,705	459,705	595,946
Other income		16,491	-	16,491	5,810
Total		452,337	459,705	912,042	1,047,592
Expenditure on:					
Charitable activities					
General activities	4	(479,848)	(700,522)	1,180,370	996,499
Total		(479,848)	(700,522)	1,180,370	996,499
Net income/(expenditure)		(27,511)	(240,817)	(268,328)	51,093
Transfer between funds		-	-	-	-
		(27,511)	(240,817)	(268,328)	51,093
Other recognised gains/(losses)					
Actuarial gains/(losses)		2,557	-	2,557	22,306
Net movement in funds		(24,954)	(240,817)	(265,771)	73,399
Reconciliation of Funds					
Total funds brought forward		47,272	280,669	327,941	254,542
Total Funds Carried Forward		22,318	39,852	62,170	327,941

All income and expenditure has arisen from continuing activities.

INCLUSION SCOTLAND

CONSOLIDATED BALANCE SHEET

At 31 March 2020

	Notes	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Fixed Assets					
Tangible assets	10	12,579	12,579	11,697	11,697
Investments	11	-	1	-	1
		-----	-----	-----	-----
		12,579	12,580	11,697	11,698
Current Assets					
Debtors	12	38,633	38,633	20,733	37,071
Cash in hand		256,610	256,610	355,427	339,088
		-----	-----	-----	-----
		295,243	295,243	376,160	376,159
Creditors: Amounts falling due within one year	13	(230,551)	(230,552)	(42,258)	(42,258)
		-----	-----	-----	-----
Net Current Assets		64,692	64,691	333,902	333,901
		-----	-----	-----	-----
Total Assets less Current Liabilities		77,271	77,271	345,999	345,999
Pension Liability	16	(15,101)	(15,101)	(17,658)	(17,658)
		-----	-----	-----	-----
Net Assets		62,170	62,170	327,941	327,941
		=====	=====	=====	=====
Funds					
	15				
Unrestricted funds		22,318	22,318	47,272	47,272
Restricted funds		39,852	39,852	280,669	280,669
		-----	-----	-----	-----
		62,170	62,170	327,941	327,941
		=====	=====	=====	=====

The trustees have prepared group financial statements in accordance with section 398 of the Companies Act 2006 and section 44 of the Charities and Trustee Investment (Scotland) Act 2005. These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual financial statements required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Board of Trustees on 23/10/2020 and were signed on its behalf by:

.....
Mr L Starrs-Cunningham
Vice-Convenor

INCLUSION SCOTLAND

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2020

	Notes	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Cash flows from operating activities	1				
Cash generated from operations		(91,714)	(75,375)	85,968	83,893
Pension deficit contributions		(2,254)	(2,254)	(3,602)	(3,602)
Net cash provided by (used in) operating activities		(93,968)	(77,629)	82,366	80,291
Cash flows from investing activities					
Payments to acquire tangible fixed assets		(4,849)	(4,849)	(12,884)	(12,884)
Net cash provide by (used in) operating activities		(4,849)	(4,849)	(12,884)	(12,884)
Change in cash and cash equivalents in the reporting period		(98,817)	(82,478)	69,482	67,407
Cash and cash equivalents at the beginning of the reporting period		355,427	339,088	285,945	271,681
Cash and cash equivalents at the end of the reporting period		256,610	256,610	355,427	339,088

Group

	At 1 April 2019 £	Cashflows £	Other non-cash changes £	At 31 March 2020 £
Cash and Cash Equivalents				
Cash	355,427	(98,817)	-	256,610

Charity

	At 1 April 2019 £	Cashflows £	Other non-cash changes £	At 31 March 2020 £
Cash and Cash Equivalents				
Cash	339,088	(82,478)	-	256,610

INCLUSION SCOTLAND**NOTES to the CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 March 2020****1. Reconciliation of Net Income/(Expenditure) To Net Cash Flow from Operating Activities**

	Group 2020	Charity 2020	Group 2019	Charity 2019
	£	£	£	£
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	(268,328)	(268,328)	51,093	51,093
Adjustments for:				
Depreciation charges	3,968	3,968	1,189	1,189
(Increase)/decrease in debtors	(17,901)	(1,562)	12,345	10,270
Increase/(decrease) in creditors	188,293	188,293	21,341	21,341
	-----	-----	-----	-----
	(93,968)	(77,629)	85,968	83,893
	=====	=====	=====	=====

2. Analysis of Cash and Cash Equivalents

Cash at bank and in hand	256,610	256,610	355,427	339,088
	=====	=====	=====	=====

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. Accounting Policies

Basis of preparing the financial statements

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with 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 (FRS102)(second edition October 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Inclusion Scotland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Going concern

The trustees consider that there are no material uncertainties about Inclusion Scotland's ability to continue as a going concern. The trustees have considered the impact of Covid-19 in note 19. With regard to the following year, the most significant area of uncertainty facing Inclusion Scotland is the level of funding which needs to be raised each and every year, this is covered in more detail in the performance and risk sections of the trustees' annual report.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Real Inclusion Limited on a line-by-line basis.

Accounting judgements and sources of estimation uncertainty

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

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment. If required, an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Bad debts are provided for where objective evidence of the need for a provision exists.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

1. Accounting Policies (continued)

Income (continued)

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Other income represents those items not falling into any other heading.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of its commercial trading subsidiary and their associated support costs.
- Expenditure on charitable activities includes costs of the projects undertaken to further the purposes of the charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 5.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	-	20% straight line
Computer equipment	-	33% straight line
Tenants improvements	-	10% straight line

Related party exemption

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work.

Pension costs and other post-retirement benefits

The company participates in the scheme, a multi-employer scheme which provides benefits to approximately 102 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

1. Accounting Policies (continued)

Legal status of the charity

The Charity is limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

Investments

Investments is the share it owns in its trading subsidiary, Real Inclusion Limited, which is carried at cost.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

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 transactions 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, 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.

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

2. Donations and Legacies	Group 2020	Charity 2020	Group 2019	Charity 2019
	£	£	£	£
Donations	-	-	-	-
Scottish Government core funding	412,274	412,274	414,500	414,500
Department of Work and Pensions	23,572	23,572	31,339	31,339
	-----	-----	-----	-----
	435,846	435,846	445,839	445,839
	=====	=====	=====	=====
3. Income from Project Activities			2020	2019
			£	£
Activity				
Grants: Project activities			362,657	514,864
Grants: Big Lottery Fund projects			97,048	81,083
			-----	-----
			459,705	595,946
			=====	=====
			2020	2019
			£	£
Grants received, included in the above, are as follows:				
Scottish Government			362,657	514,864
Big Lottery Fund – Disability Research on Independent Living and Learning			47,076	81,083
Big Lottery Fund – Lived Experience Leadership			49,972	-
			-----	-----
			459,705	595,946
			=====	=====
4. Charitable Activities Costs		Direct Costs	Support Costs	Total Costs
		£	£	£
			(See note 5)	
General activities		1,155,820	24,550	1,180,370
		=====	=====	=====
5. Support Costs	Group 2020	Charity 2020	Group 2019	Charity 2019
	£	£	£	£
Human resources				
Recruitment costs	2,385	2,385	2,743	2,743
Governance costs				
Auditors remuneration	4,680	4,680	4,500	4,500
Auditors remuneration – non audit work	7,064	7,064	2,400	2,400
Legal and professional fees	10,421	10,421	10,454	10,454
	-----	-----	-----	-----
	24,550	24,550	20,097	20,097
	=====	=====	=====	=====

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

6. Net income/(expenditure)	Group 2020	Charity 2020	Group 2019	Charity 2019
	£	£	£	£

Net income/(expenditure) is stated after charging/(crediting):

Auditor's remuneration	4,680	4,680	4,500	4,500
Non-audit services	7,064	7,064	2,400	2,400
Depreciation	3,968	3,968	1,189	1,189
	=====	=====	=====	=====

7. Trustees' Remuneration and Benefits

The trustees are prohibited by the Articles of Association from receiving emoluments from the company.

Trustees' expenses

The trustees are reimbursed only for expenses necessarily incurred in connection with the charity's activities. The amount reimbursed during the year to 31 March 2020 was £5,616 (2019: £4,505).

8. Staff Costs	2020	2019
	£	£
Wages and salaries	702,161	639,149
Social security costs	62,497	55,806
Other pension costs	61,973	57,123
	-----	-----
	826,631	752,078
	=====	=====

The average monthly number of employees during the year was	24	21
	=====	=====

No employees received emoluments in excess of £60,000.

During busy periods such as conferences and events, the company may use, on a temporary basis, agency staff to assist with administration.

The key management personnel of the group changed during the financial year from two staff (Chief Executive Officer and Deputy Manager) to five staff (CEO plus four Heads of Department). Over the financial year the total employee benefits for these staff totalled £229,960 (2019: £103,725).

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

9. Comparatives for the Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Income and endowments from:			
Donations and legacies	445,839	-	445,839
Charitable activities			
General activities	-	595,946	595,946
Other income	5,810	-	5,810
Total	<u>451,646</u>	<u>595,946</u>	<u>1,047,592</u>
Expenditure on:			
Charitable activities			
General activities	502,557	493,942	996,499
Total	<u>502,557</u>	<u>493,942</u>	<u>996,499</u>
Net Income/(Expenditure)	(50,911)	102,004	51,093
Transfers between funds	-	-	-
	<u>(50,911)</u>	<u>102,004</u>	<u>51,093</u>
Other recognised gains/(losses)			
Actuarial losses	22,306	-	22,306
Net movement in funds	<u>(28,605)</u>	<u>102,004</u>	<u>73,399</u>
Reconciliation of Funds			
Total funds brought forward	75,877	178,665	254,542
Total funds carried forward	<u>47,272</u>	<u>280,669</u>	<u>327,941</u>
	=====	=====	=====

10. Tangible fixed assets	Tenant Improve- ments	Plant and machinery	Computer equipment	Totals
	£	£	£	£
Cost				
At 1 April 2019	3,189	6,508	6,462	16,159
Additions	-	-	4,849	4,849
At 31 March 2020	<u>3,189</u>	<u>6,508</u>	<u>11,311</u>	<u>21,008</u>
Depreciation				
At 1 April 2019	12	3,274	1,175	4,461
Charge for the year	319	647	3,002	3,968
At 31 March 2020	<u>331</u>	<u>3,921</u>	<u>4,177</u>	<u>8,429</u>
Net book value				
At 31 March 2020	<u>2,858</u>	<u>2,857</u>	<u>7,134</u>	<u>12,579</u>
At 31 March 2019	<u>3,177</u>	<u>3,274</u>	<u>5,287</u>	<u>11,697</u>
	=====	=====	=====	=====

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

11. Fixed Asset Investments

The charity holds 1 £1 ordinary share in its wholly owned trading subsidiary Real Inclusion Limited. Real Inclusion Limited is incorporated in the United Kingdom (company number SC293760) and pays all of its profits to charity under the gift aid scheme. Real Inclusion Limited raises income for its parent charitable company.

	2020	2019
	£	£
Turnover	-	75
Cost of sales and administration costs	-	(75)
	-----	-----
Net profit/(loss)	-	-
	=====	=====
The assets and liabilities of the subsidiary were:		
Current assets	1	16,339
Current liabilities	-	(16,338)
	-----	-----
Total net assets	1	1
	=====	=====
Aggregate share capital and reserves	1	1
	=====	=====

	Group	Charity	Group	Charity
12. Debtors: amount falling due within one year	2020	2020	2019	2019
	£	£	£	£
Debtors	3,309	3,309	780	780
Monies held by payroll agents	17,521	17,521	7,956	7,956
Prepayments and accrued income	17,803	17,803	11,997	11,997
Loan to group undertaking	-	-	-	16,338
	-----	-----	-----	-----
	38,633	38,633	20,733	37,071
	=====	=====	=====	=====

	Group	Charity	Group	Charity
13. Creditors: amounts falling due within one year	2020	2020	2019	2019
	£	£	£	£
Creditors	11,835	11,836	27,661	27,661
Accrued expenses	20,266	20,266	14,597	14,597
Deferred income	198,450	198,450	-	-
	-----	-----	-----	-----
	230,551	230,552	42,258	42,258
	=====	=====	=====	=====

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

14. Analysis of group net assets between funds

	Un- Restricted Funds £	Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Fixed assets	12,579	-	12,579	11,697
Current assets	162,792	132,451	295,243	376,160
Current liabilities	(137,952)	(92,599)	(230,551)	(42,258)
Pension liability	(15,101)	-	(15,101)	(17,658)
	-----	-----	-----	-----
	22,318	39,852	62,170	327,941
	=====	=====	=====	=====

15. Movement in funds	A1 1 April 2019 £	Income £	Ex- penditure £	Unrealised and transfers £	At 31 March 2020 £
Unrestricted					
General fund	47,272	452,337	(479,848)	2,557	22,318
	-----	-----	-----	-----	-----
Restricted					
APPLE/LE	138,115	312,657	(447,854)	-	2,918
DRILL	13,526	14,713	(28,239)	-	-
DRILL Four Nation Project	51,689	32,363	(84,052)	-	-
LEL Project	-	49,972	(25,159)	-	24,813
Access to Elected Office	43,553	50,000	(81,432)	-	12,121
Private Sector Interns	33,786	-	(33,786)	-	-
	-----	-----	-----	-----	-----
	280,669	459,705	(700,522)	-	39,852
	-----	-----	-----	-----	-----
	327,941	912,042	(1,180,370)	2,557	62,170
	=====	=====	=====	=====	=====

Details of the funds can be found in the Trustees' report.

16. Employee benefit obligations

TPT Retirement Solution - Scottish Voluntary Sector Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to approximately 102 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

16. Employee benefit obligations (continued)

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation was certified on 19 December 2018 and showed assets of £120.0m, liabilities of £145.9m and a deficit of £25.9m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit Contributions

From 1 April 2019 to 30 September 2026	£1,404,638 per annum	(payable monthly) and increasing by 3% each on 1st April
From 1 April 2019 to 30 September 2027	£136,701 per annum	(payable monthly) and increasing by 3% each on 1st April

The contributions to 30 September 2027 are in respect of those employers that have agreed concessions (both past and present) with the Trustee.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision	2020	2019	2018
	£	£	£
Present value of provision	15,101	17,658	43,566
	=====	=====	=====
Reconciliation of provision & income and expenditure impact		2020	2019
		£	£
Provision at start of the year		17,658	43,566
Deficit contribution paid		(2,254)	(3,602)
Unwinding of the discount factor (interest expense)		239	840
Remeasurements - impact of any changes in assumptions		(542)	356
Remeasurements - amendments to the contribution schedule		-	(23,502)
Income and expenditure account		(2,557)	(22,306)
Provision at end of the year		15,101	17,658
		=====	=====
	2020	2019	2018
	%	%	%
Assumptions	per annum	per annum	per annum
Rate of discount	2.57	1.46	2.01
	=====	=====	=====

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

INCLUSION SCOTLAND

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

16. Employee benefit obligations (continued)

Defined contribution pension scheme

The company also participates in a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £59,934 (2019 - £60,522).

There were no contributions due to the fund at 31 March 2020 (2019 - £nil).

17. Related party disclosures

The charity's subsidiary trading company, Real Inclusion Limited, repaid amounts due to the parent charitable company. The amount outstanding at 31 March 2020 was £Nil (2019: £16,338).

18. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	2020	2019
	£	£
Within one year	60,000	60,000
Greater than one year and less than five years	172,500	232,500
	-----	-----
Total commitment	232,500	292,500
	=====	=====

19. Subsequent events

As noted in the Trustees' Report on page 6, on 23 March 2020 the UK and Scottish Governments put in place measures to restrict the movements of the UK population as a control mechanism to deal with the COVID-19 pandemic crisis. Since that date, the Board and the management team have continued to risk assess the impact of the crisis on the charity, staff and services provided. The offices closed in mid-March with staff working from home. We continued to deliver on our project commitments where possible and have sought permission to delay or modify those that could not be progressed due to COVID-19. Due to reduced income from premises hire, we altered our financial planning with regards to our office premises and have sought reduction in related costs to compensate. We have received confirmation that our funding from the Scottish Government will continue until at least September 2021. The Trustees and management meet regularly via an on-line platform and are satisfied that the charity will remain financially viable and that services will not be materially affected.

INCLUSION SCOTLAND

DETAILED CHARITY STATEMENT of FINANCIAL ACTIVITIES

For the year ended 31 March 2020

<u>Income and Endowments</u>	2020	2019
	£	£
Donations and legacies		
Donations	-	-
Scottish Government Grants	412,274	414,500
Department of Work and Pensions	23,572	31,339
	-----	-----
	435,846	445,839
Project activities		
Grants	459,705	595,946
Other income	16,491	5,807
	-----	-----
Total incoming resources	912,042	1,047,592
	-----	-----
<u>Expenditure</u>		
Charitable activities		
Wages	702,161	639,149
Social security	62,497	55,806
Pensions	61,973	57,123
Rent	73,147	62,584
Rates	5,914	-
Insurance	3,030	1,477
Telephone	3,179	2,314
Postage, stationery and publicity	8,106	12,988
Sundries	19,317	8,916
Temporary staff	9,117	1,100
Conference expenses	31,701	34,649
Travel and subsistence	46,008	37,343
Training expenses	14,358	5,982
Repairs and maintenance	16,405	1,143
Subscriptions	2,416	1,922
Interpretation services	-	2,774
Staff support	60,534	21,411
Professional fees	12,056	15,417
Depreciation of tangible fixed assets	3,968	1,189
Bank charges	406	267
IT and office equipment	19,527	12,848
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	1,155,820	976,402
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Support costs		
Recruitment costs	2,385	2,743
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Governance costs		
Auditors' remuneration	4,680	4,500
Auditors' remuneration for non audit work	7,064	2,400
Legal and professional fees	10,421	10,454
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	22,165	17,354
Total resources expended	1,180,370	996,499
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Net (expenditure)/income	(268,328)	51,093
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