Resilient Scotland Limited

Directors' report and consolidated financial statements

Company number SC411661

Scottish charity number SC042994

31 March 2018

BIG LOTTERY FUND

Awarding funds from The National Lottery®

Contents

BIG LOTTERY FUND
Awarding funds from The National Lottery®

Directors' report

The Directors submit their report and the audited financial statements for the period ended 31 March 2018. The charity has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland.

Reference and administrative details

Charity name	Resilient Scotland Ltd
Registered charity number	SC042994
Company number	SC411661
Directors	James David Bennet (appointed 23/01/18) William David Cook Tom Duguid Michael Fleming Grigor Stephen John Inch (resigned 22/02/18) Fraser Scott Kelly Craig Malcolm McLaren (resigned 01/01/18) Jacqueline Mary Scutt (resigned 30/05/17) Isabella Bell Simpson Stephen Connelly Gillian Donald (resigned 19/07/17) Helen Lucy Forsyth (Chair) Andrew John Hibbert Claire Wilma Ironside (appointed 22/05/18) John Kelly (appointed 23/01/18) Lesley Palmer (appointed 22/05/18) John Shaw (resigned 19/05/18) Rosemary Jean Tiller (appointed 30/05/18)
Secretary	Hamish McCall-Smith
Principal office	Empire House 131 West Nile Street Glasgow, G1 2RX
Bankers	Royal Bank of Scotland Plc 36 St Andrew Square Edinburgh, EH2 2YB
Solicitors	Burness Paull LLP 50 Lothian Road Edinburgh, EH3 9WJ
Auditors	Henderson Loggie 11-15 Thistle Street, Edinburgh, EH2 1DF

Directors' report *(continued)*

Structure, Governance and Management

Structure

Resilient Scotland Ltd ("RSL") was incorporated by Companies House on 21st November 2011 and received charitable status from OSCR on 6th March 2012.

RSL is the sole Trustee of the Jessica (Scotland) Trust ("the Trust"). The Trust is a Scottish charity, with Scottish charity number (SC043048). The Trust was established by Foundation Scotland, formerly the Scottish Community Foundation, with a Big Lottery Fund grant of £15 million as a source of funding in Scotland, over a ten year period, for projects focussed on urban and/or rural regeneration at a transformative scale in distinct communities.

Governance

Board members of RSL meet at least four times per year and have responsibility for the approval of strategy, annual objectives, capital and revenue budgets, changes to professional advisers and the grant and loan distribution mechanism. They also have responsibility for approval of policies such as investment, grant and loan making, risk assessment and the reserves policy of the Trust. The Board has three sub-committees which focus on specific areas and have relevant duties delegated to them via a terms of reference. The committees are:

- Investment, Finance & Audit Committee (Investment, financial monitoring & risk)
- Awards Committee (community investments)
- Evaluation & Learning Committee (Evaluation and learning strategy)

The Big Lottery Fund appointed a Protector of the Trust in August 2011 whose fiduciary duty is to seek to ensure the integrity of the administration of the Trust and the propriety of its procedures, and if necessary to report matters of serious concern to the Big Lottery Fund.

Management

The day to day activities of the Trust are managed by Foundation Scotland whom RSL has contracted to oversee the administration and grant and loan making activities and any associated appraisal and assessment activities.

Appointment, induction and training of Directors

Directors are recruited to the Board of RSL under the terms of its memorandum and Articles of Association and are selected to provide a breadth of skills, experience and influence across the main areas of activity of the Trust; namely grant and loan making, and financial management. New Board members of RSL receive an introductory package of information about the charity, its latest set of annual accounts and training deemed appropriate to their role.

Risk management

Board members of RSL are responsible for the management of risks faced by the Trust. Risks are identified, assessed and controls established on an ongoing basis. The results of an annual risk assessment are considered by the Board on an annual basis together with the systems and controls to mitigate those risks. In addition, a formal in-depth review of the risk management processes of the charity is undertaken every three years.

The key controls of the Trust include:

- Comprehensive business planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal written policies including authorisation and approval procedures
- Annual review of investment performance and existing policy

Directors' report *(continued)*

The Directors have identified the following as being the areas of highest risk currently facing the Trust:-

Risk	Plans & strategy for managing the risk
A) Failure to deliver strategic objectives including management and 'run-off'.	Effective governance structure, annual strategy review and document.
B) Fraudulent application	Application process includes checks on organisations and individuals overseen by the investment panel.
C) Loss of key personnel	Regular salary benchmarking and regular appraisals
D) Fraud by staff	Delegated levels of authority and the use of dual signatories on cheques and dual authorisation for electronic payments.

Objectives and Activities for public benefit

The objectives of the charity are to pursue the following charitable activities:-

- To prevent and/or relieve poverty among those living in Scotland
- To advance community development, and urban and rural regeneration, in Scotland
- To advance education in Scotland
- To further such similar charitable purposes as the directors may consider appropriate from time to time and in particular (but without limitation):

(a) by serving as the trustee of the JESSICA (Scotland) Trust (a Scottish charity, with Scottish charity number (SC043048) and carrying out, or arranging for the carrying out, of all such functions as may be associated with the proper administration of that Trust;

(b) by accepting appointment as trustee in respect of other charitable trusts having objects which include any of the above purposes and/or by administering other funds directed towards furtherance of any of the above purposes;

(c) by providing, or arranging for the provision of, support (whether financial or otherwise), and which may include (without limitation) grants, loans and/or consultancy support) for organisations, projects, initiatives or events which further (or are intended to further) any of the above purposes.

Grantmaking and loanmaking policy

The charity's grantmaking and loanmaking policy for the JESSICA (Scotland) Trust is to make grants and repayable loans to community-led and community influencing organisations working to secure community regeneration outcomes within the 13 most disadvantaged local authorities in Scotland. These local authority areas have been identified according to their SIMD score and include Clackmannanshire, Dundee, East Ayrshire, Edinburgh, Fife, Glasgow, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Lanarkshire, West Dunbartonshire and West Lothian.

Directors' report *(continued)*

Strategic Report:

Achievements and performance
Achievements for the year in fulfilling our objectives are detailed below:

During the period (May – December 2017) Resilient stopped receiving applications in order to reflect on the first five years activity and make any systematic and procedural changes to improve performance. Much of this focussed on internal correction and has led to better operating. However, during April and latterly January to March 2018 13 investments were made, these are noted below.

Resilient Scotland remains committed to the social investment scene and is in a far stronger position to serve the needs of social enterprises and communities across their areas.

A summary of successful grant and loan investment awards in the year

Organisation	Local authority area	Purpose of award	Grant awarded £	Loan awarded £
Action Porty	City of Edinburgh	To acquire the former Bellfield Church in Portobello, the bulk of funding being provided by the Scottish Land Fund.	10,000	20,000
Beer for Good	City of Edinburgh	Further funding for a new social enterprise based at Harry's Bar in the West End of Edinburgh, providing training and employment opportunities. The investment covered the purchase of the property lease and start-up costs.	24,026	117,884
Beer for Good	City of Edinburgh	Further working capital funding to support a new social enterprise based at Harry's Bar in the West End of Edinburgh, providing training and employment opportunities. The investment covered the purchase of the property lease and start-up costs.	-	7,000
Circle	Dundee City	Further working capital funding to create and manage a hub where charities and social enterprises can rent affordable office space	-	10,000
Circus Arts Scotland	Glasgow City	Covering setup costs and core funding / working capital for a new social enterprise being spun out from an established charity	20,000	40,000
FACT Three (Websters)	Glasgow City	Further working capital funding for the development of bistro area in Websters Theatre.	-	10,000
Factory V	Dundee City	To purchase a second minibus and to fund construction of a garage / storage unit for this established social enterprise that provides community transport services.	20,000	40,000
GTS Solutions	City of Edinburgh	To invest in recruitment of new staff and working capital to allow the business, which sells physical security services and aims to change negative perceptions of the security industry, to develop.	20,000	40,000
GTS Solutions	City of Edinburgh	Further working capital funding. Original investment supported recruitment of new staff and working capital.		10,000
Irvine Community Sports Club	North Ayrshire	To fund the redevelopment of the clubhouse and expansion of the gym.	76,660	77,500
Kalopsia Collective CIC	City of Edinburgh	Further working capital. Original investment was to create a Makerspace for textile designers.	-	1,500

Trustee's report *(continued)*

Achievements and performance (continued)

Organisation	**Local authority area**	**Purpose of award**	**Grant awarded £**	**Loan awarded £**
PKC Sporting Solutions	Glasgow	Further working capital funding to develop a 33-acre site in South Lanarkshire, providing training and employment opportunities for young people.	-	10,000
The Larder West Lothian	West Lothian	Further working capital funding to support the ongoing development and expansion of this social enterprise cookery school in Livingston.	-	10,000
Grantee Legal fees associated with their funding			4320	-
			175,006	393,884

This makes £568,890 of funding that was offered to successful organisations during the period against the target of £1.1m and a total of £7,368,161 to date.

BIG LOTTERY FUND
Awarding funds from The National Lottery®

Directors' report *(continued)*

Financial review
An analysis of the Group's income and expenditure is included below:

Income

Dividend and interest earned for the period was £208,941

Expenditure

Total expenditure for the period amounted to £492,422. Grant expenditure totalled £175,006, administration & support costs totalled £295,262 and loan write offs, bad debt provision and the discounting of the loan book to net present value totalled £22,154. Loans advanced during the period amounted to £393,884.

Investments and investment policy

The Directors have absolute discretion in the investment of funds of the Group and have agreed an investment strategy that places an emphasis on low risk investments due to the ten year time frame of the programme delivery and the more front loaded nature of the budgeted expenditure. The Directors have sought to achieve this by investing in a series of bank cash deposits spread by counterparty and by term of deposit together with some money market products. The policy also includes the scope to invest in higher risk assets aimed at improving overall long-term returns if circumstances make this option appropriate.

Reserves policy

The reserves represent the net sums remaining from the £15m received from the BIG Lottery in March 2012. These sums are held for the purpose of supporting projects focussed on urban and/or rural regeneration at a transformative scale in distinct communities over the remaining period to March 2022. The Directors have assessed the free reserves of the Group in light of the likely future income and expenditure streams with particular reference to investment returns and grant and loan commitments and associated repayments and is content that it has sufficient reserves to meet its immediate commitments.

At 31 March 2018, the reserves of the Trust are £9,920,236 all of which were restricted.

Plans for future periods

Resilient Scotland finds itself in a strong position as it enters the upcoming years. Following the period of reflection, systems and procedures have been updated to offer a more rigorous approach. Work is underway to consider additional offerings to the product set, to enable us to provide a wider choice to applicants.

BIG LOTTERY FUND
Awarding funds from The National Lottery®

Directors' report *(continued)*

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they each are aware, there is no relevant audit information of which the company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

Helen Forsyth
Director

29th November 2018

Statement of Directors' responsibilities in respect of the Directors' Annual Report and the financial statements

The Directors are responsible for preparing the Report of the Board of Directors and the financial statements in accordance with applicable law and regulations.

Law applicable to incorporated charities in Scotland requires the Directors to prepare an annual report and financial statements for each financial year in accordance with applicable law and regulations. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the group at the end of the year and of its financial activities including its income and expenditure during the year then ended.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in operation.

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

The Directors are also responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the UK, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

HENDERSON LOGGIE
Chartered Accountants

Independent Auditor's Report to the Directors of Resilient Scotland Ltd

Opinion
We have audited the financial statements of Resilient Scotland Ltd (the 'charitable company') for the period ended 31 March 2018 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Charitable Company Cash Flow Statement and 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2018 and of its income and expenditure for the period 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 of 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 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report which includes the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report 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 Trustees' Report which includes the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement, the directors (who are also the trustees of the charitable company for the purposes of charitable 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 directors 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 directors are responsible for assessing the group and parent 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts 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 https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, 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 members and the charity's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

James Davidson (Senior statutory Auditor)
For and on behalf of Henderson Loggie
Chartered Accountants & Statutory Auditors
Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
11-15 Thistle Street
Edinburgh
EH2 1DF

3 December 2018

Statement of financial activities for charity and group
for the year ended 31 March 2018

	Note	**Group Restricted funds**	Group Restricted funds	**Charity**	Charity
		2018	2017	**2018**	2017
		£	£	**£**	£
Income					
Investment income	2	**208,941**	230,406	-	-
Total income		**208,941**	230,406	-	-
Expenditure					
Expenditure on charitable activities	3	**492,422**	2,230,733	-	-
Total expenditure		**492,422**	2,230,733	-	-
Unrealised gains/ (losses)		**17,444**	21,683	-	-
Net expenditure		**(300,925)**	(1,978,644)	-	-
Total funds brought forward		**10,221,161**	12,199,805	-	-
Total funds carried forward	7	**9,920,236**	10,221,161	-	-

All of the charity's activities are continuing.

Consolidated and charity balance sheet
at 31 March 2018

	Notes	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Current assets					
Investments	4	**2,085,588**	4,279,210	-	-
Debtors	5	**1,814,371**	1,866,404	-	-
Cash at bank and in hand		**6,160,295**	4,155,435	-	-
Total current assets		**10,060,254**	10,301,049	-	-
Creditors: amounts falling due within one year	6	**(140,018)**	(79,888)	-	-
Net assets		**9,920,236**	10,221,161	-	-
Net current assets					
Represented by:					
Restricted funds	7	**9,920,236**	10,221,161	-	-

These accounts are prepared in accordance with the provisions of the Companies Act 2006 relating to small companies and were approved by the Directors on 29th November 2018 and were signed on its behalf by:

Helen Forsyth
Director

Company number SC411661

Consolidated and charity statement of cash flows
for the year ended 31 March 2018

	Notes	**Group 2018 £**	Group 2017 £	**Charity 2018 £**	Charity 2017 £
Cash flows from operating activities:					
Net cash used in operating activities	*9*	**(380,259)**	(2,831,179)	-	-
Cash flows from investing activities:					
Dividends & interest from investments		**208,941**	230,406	-	-
Sale of investments		**2,221,317**	-	-	-
Purchase of investments		**(45,139)**	(41,410)	-	-
Net cash provided by / (used in) investing activities		**2,385,119**	188,996	-	-
Change in cash and cash equivalents in the reporting period		**2,004,860**	(2,642,183)	-	-
Cash and cash equivalents at the beginning of the reporting period		**4,155,435**	6,797,618	-	-
Cash and cash equivalents at the end of the reporting period		**6,160,295**	4,155,435	-	-
Cash and cash equivalents comprise:					
Cash at bank and in hand		**6,160,295**	4,155,435	-	-

BIG LOTTERY FUND
Awarding funds from The National Lottery®

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation and assessment of going concern

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment assets and are in accordance with the Companies Act 2006, The Charities and Trustee Investment (Scotland) Act 2005, the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (SORP FRS 102), The Financial Reporting Standard FRS102 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and the constitution of the charity. The financial statements are presented in pounds sterling, which is the functional currency of the charity, and rounded to the nearest pound.

The charity constitutes a public benefit entity as defined by FRS 102.

Going concern

The Directors have considered the position for the next twelve months and concluded that the use of the going concern basis of accounting is appropriate because there are no material uncertainties relating to activities or conditions that may cast doubt about the ability of the charity to continue as a going concern.

Basis of consolidation

The consolidated financial statements include the financial statements of the company made up to 31 March 2018, along with those of the Jessica (Scotland) Trust, of whom Resilient Scotland is the sole trustee. As trustee, Resilient Scotland is responsible for the administration and disbursement of the funds allocated to the Trust under the terms of its trust deed.

Income and endowments

Income is recognised once the charity has entitlement to the funds, it is probable that the income will be received and the monetary value of income can be measured with sufficient reliability.

The charity received an endowment of £14.92m from the Big Lottery Fund to be spent over a ten year period commencing in 2012. Whilst there are certain conditions attached to this endowment, the Trustee is confident that these conditions will be met and as such the endowment will not be required to be repaid.

Investment income comprises of interest received on fixed term deposit accounts and the charity's current account together with interest on loans advanced, accounted for on an accruals basis.

Expenditure

All expenditure is recognised on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to the relevant category of expenditure. The charity is not registered for VAT and all expenditure categories therefore include irrecoverable VAT.

Notes *(continued)*

1 Accounting policies *(continued)*

Funds

The charity received a single endowment of £14.92m from the Big Lottery fund in March 2012 to be expended over a ten year period on projects in Scotland focused on urban and/or rural regeneration at a transformative scale in distinct communities.

Taxation

The charity is recognised by the HM Revenue & Customs as a charity for the purposes of the Corporation Tax Act 2010 part 11 and is exempt from income and corporation tax on its charitable activities.

Investments

Investments are included at market value at the balance sheet date. Realised gains and losses, representing the difference between sale proceeds and market value at the previous financial year end, or purchase cost if acquired during the financial year, are dealt with in the statement of financial activities. Unrealised gains and losses, representing the movement in the market value of investments over the financial year, or from their date of purchase if acquired during the financial year, are dealt with separately in the statement of financial activities.

Financial instruments

Other than the loans, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Loans

Loans are shown on the Balance Sheet at their net present value using an appropriate discount rate. The unwinding of the discount is shown as a financing transaction through the Statement of Financial Activities; interest receivable or interest payable as appropriate.

Debtors

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

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 one year or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

Provisions

Specific provisions against advances are recognised when a risk of non-recoverability is identified. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against advances reported in the Balance Sheet.

Notes *(continued)*

1 Accounting policies *(continued)*

Contingent liability

A contingent liability is identified and disclosed for those grants and loans resulting from a present obligation following an award offer where settlement is dependent on the recipient fulfilling various stated terms and conditions; the outcome of which is uncertain.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- The loan book is discounted using a market rate of interest. This rate of interest is determined using published average rates of interest for loan instruments with a similar level of investment risk.

The following are the charity's key sources of estimation uncertainty:

- The recoverability of loan debtors is determined using a risk profile matrix to calculate the risk of default for each loan issued. The risk of default determines the level of bad debt provision.

Notes *(continued)*

2. Income and endowments

	Group 2018 £	Group 2017 £
Investment income		
Bank interest	**22,878**	34,863
Dividend income	**45,139**	41,821
Loan interest	**140,924**	153,722
Total investment income	**208,941**	230,406

3. Expenditure

	Group 2018 £	Group 2017 £
Grants		
Start and Grow Programme	**70,000**	232,657
Making Enterprise Happen programme	**105,006**	940,405
Other	**-**	-
Total grants	**175,006**	1,173,062
Administration, support costs & governance		
Foundation Scotland:		
Inhouse grantmaking & loanmaking support	**237,844**	219,784
Subcontracted services	**-**	28,475
Other	**19,199**	18,769
	257,043	267,028
Other:		
Professional fees	**10,876**	14,465
Miscellaneous	**1,001**	1,192
	11,877	15,657
Loans:		
Interest charge from the discounting of loan balances at net present value	**(81,203)**	52,293
Provision for bad debt	**(77,680)**	629,442
Loans written off	**181,037**	70,727
	22,154	752,462

Notes *(continued)*

3. Expenditure *(continued)*

	Group 2018 £	Group 2017 £
Governance:		
Protector's fee and expenses	**15,000**	15,000
Audit fee	**4,780**	5,310
Legal & other professional fees	**5,321**	900
Other governance costs	**1,241**	1,314
	26,342	22,524
Total	**492,422**	2,230,733

Insurance costs are also included under this heading, part of which covers the costs of Trustee Indemnity cover.

Analysis of staff costs and remuneration of key management personnel:
The Trust does not employee any employees directly. A service level agreement is in place with Foundation Scotland who take responsibility for the day to day running of the Trust.

The Trust considers its key management personnel to comprise the Head of Resilient, Investment Manager & Business Manager. The total pay of key management in the year was £110,401 (2017: £107,379), total employer pension contributions were £6,606 (2017: £4,984) and the employer's NI was £11,857 (2017: £11,393). There are no employees who received employee benefits of more than £60,000.

Other governance costs include £110 (2017: £272) of expenses paid to 2 trustees (2017: 4) of Resilient Scotland Limited for their attendance at board meetings.

No trustees received any remuneration in the period (2017: £nil).

4. Investments

	Group 2018 £	Group 2017 £
Market value as at 1st April	**4,279,210**	4,216,117
Additions	**45,139**	41,410
	(2,221,317)	-
Net investment loss	**(17,444)**	21,683
Market value as at 31st March	**2,085,588**	4,279,210
Historic cost as at 31st March	**2,101,001**	4,298,552

Notes *(continued)*

Investments (continued)

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

- Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk: this comprises currency risk, interest rate risk and other price risk.
- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Charity has exposure to these risks because of the investments it makes to implement its investment strategy. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Charity's strategic investment objectives. These investment objectives and risk limits are implemented through the investment manager agreements in place with the Charity's investment managers and monitored by the Trustees by regular reviews of the investment portfolios.

Further information on the Trustees' approach to risk management and the Charity's exposure to credit and market risks are set out below.

Credit Risk
The Charity invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Analysis of direct credit risk
Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled manager operates and diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager. Pooled investment arrangements used by the Charity comprise authorised unit trusts.

Currency risk
The Charity is subject to currency risk because some of the Charity's investments are held in overseas markets.

Interest rate risk
The Charity is subject to interest rate risk through investments comprising bonds.

Other price risk
Other price risk arises principally in relation to equities held in pooled vehicles. The Charity manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

Notes *(continued)*

5. Debtors

	Group 2018 £	Group 2017 £
Debtors due in less than one year		
Prepayments	**3,021**	609
Bank interest receivable	**5,432**	3,460
Current portion of loan receivable	**582,525**	450,337
	590,978	454,406
Debtors due in more than one year		
loan receivable 2-5 years	**1,313,223**	1,448,227
loan receivable greater than 5 years	**505,682**	636,963
	1,818,905	2,085,190
Bad debt provision	**(595,512)**	(673,192)
	1,814,371	1,866,404

6. Creditors: amounts falling due within one year

	Group 2018 £	Group 2017 £
Trade creditors	**-**	25
Accruals	**8,068**	8,624
Grant and loan making contribution	**131,950**	71,239
	140,018	79,888

7. Analysis of charitable funds

	Balance brought forward £	Income £	Expenditure £	Gains & losses £	Balance carried forward £
Big Lottery Endowment	**10,221,161**	**208,941**	**(492,422)**	**(17,444)**	**9,920,236**

Notes *(continued)*

8. Big Lottery Endowment cumulative figures to date:

	Group 2018 £	Group 2017 £
Big Lottery grant	**14,920,000**	14,920,000
Interest and dividend income	**1,559,016**	1,350,075
Total income	**16,479,016**	16,270,075
Grants	**3,320,935**	3,145,929
Administration & support services	**1,959,366**	1,664,104
Loans written off	**294,964**	113,927
Total expenditure	**5,575,265**	4,923,960
Income less expenditure	**10,903,751**	11,346,115
Unrealised losses	**(36,787)**	(19,343)
Net funds	**10,866,964**	11,326,772
Bad debt provision	**(595,512)**	(673,192)
Reinstatement of loan book to NPV	**(351,216)**	(432,419)
	9,920,236	10,221,161
Loans advanced	**4,046,539**	3,653,342

The Big Lottery Endowment Fund is a restricted fund to be spent over a ten year period for urban regeneration in the 13 most deprived communities in Scotland.

Notes *(continued)*

9. Reconciliation of net expenditure to net cash flow from operating activities

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Net expenditure per the Statement of Financial Activities	**(300,925)**	(1,978,644)	-	-
Losses on investments	**17,444**	(21,683)	-	-
Interest and dividend income	**(208,941)**	(230,406)	-	-
(Increase) in debtors	**52,033**	(322,987)	-	-
Increase / (decrease) in creditors	**60,130**	(277,459)	-	-
Net cash used in operating activities	**(380,259)**	(2,831,179)		

10. Related party transactions

Two (2017: Two) directors of Resilient Scotland Ltd are also directors of Foundation Scotland. Payments to Foundation Scotland for the year for the day to day running of the Trust were £257,043 (2017: £267,028) with £131,950 outstanding at the year end (2017: £71,239).

One director who was appointed this year is also a director of Freedom Bakery who have received grant funding of £137,500 & loan funding of £150,000 in previous years. The value of the outstanding loan funding at the year end was £140,641.

11. Contingent liabilities

Contingent liabilities relate to grants and loans awards offered during the year where settlement is dependent on the recipient fulfilling various stated terms and conditions; the outcome of which is uncertain.

	Group 2018 £	Group 2017 £
Grants	**325,000**	432,366
Loans	**325,000**	555,384
	650,000	987,750

The charity had no contingent liabilities.

BIG LOTTERY FUND
Awarding funds from The National Lottery®

Notes *(continued)*

12. Financial Instruments

	Group 2018 £	Group 2017 £
Carrying amount of financial assets		
Debt instruments measured at cost	**1,805,918**	1,862,335
Assets measured at fair value through profit & loss	**2,085,588**	4,279,210
Carrying amount of financial liabilities		
Measured at amortised cost	**140,018**	79,888

Debt instruments measured at cost comprises loans receivable less provisions for bad debt. Assets measured at fair value through profit and loss comprise listed investments.

Liabilities measured at amortised cost comprise trade creditors and accruals.

13. Ultimate controlling party

The Directors control the activities of the Group.