

Annual Accounts

Directors' Report & Financial Statements
for the Year Ended 31st March 2021



includem 

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Reference & Administrative Details of the Charity its Directors and Advisers for the Year Ended 31st March 2021

Directors	<p>Iain Forbes, Chair</p> <p>John Fanning, Vice Chair</p> <p>J Bruce Marks, Treasurer & Secretary</p> <p>Abigail Kinsella</p> <p>Sally Kuenssberg</p> <p>Morag Gunion</p> <p>Stephen McNeill</p> <p>Stuart Kennedy</p> <p>David Brown</p> <p>Kevin O'Hare</p> <p>Donna Bell (appointed 22.03.2021)</p> <p>Caroline Innes (resigned 29.06.2020)</p> <p>David Wallace (resigned 07.12.2020)</p>
Company Registered Number	SC207985
Charity Registered Number	SC030233
Registered Office	<p>Unit 6000</p> <p>Academy Business Park</p> <p>Gower Street</p> <p>Glasgow</p> <p>G51 1PR</p>
Company Secretary	J Bruce Marks
Chief Executive Officer	Martin Dorchester
Independent Auditor	<p>French Duncan LLP</p> <p>Statutory Auditors & Chartered Accountants</p> <p>133 Finnieston Street</p> <p>Glasgow</p> <p>G3 8HB</p>
Bankers	<p>The Royal Bank of Scotland</p> <p>10 Gordon Street</p> <p>Glasgow</p> <p>G1 3PL</p>
Solicitors	<p>Burness Paull</p> <p>120 Bothwell Street</p> <p>Glasgow</p> <p>G2 7JL</p>

Chair & Chief Executive's Statement for the Year Ended 31st March 2021

Chair's Introduction

Having officially taken over as Chair of includem in April 2020 it is my great privilege to present my first annual report. It goes without saying that the year has been a very challenging one for both our staff and the young people and families we support.

Includem works with some of the most marginalised and vulnerable young people and families in Scotland who have been impacted even more disproportionately by the Covid-19 restrictions. This has manifested itself in increased poverty (in many cases verging on destitution), lack of access to vital services and, amongst others, no or very little ability to undertake any form of education.

Most current policy seems to provide for the majority of families and young people but not for the small, but significant, percentage of those in greatest need. Includem exists to provide holistic support to this group and more and more we need to make sure their voices are heard by policy makers and funders.

We have a first-class CEO and senior executive team who, together with our dedicated management and staff, have gone above and beyond to continue to provide much needed support. This has required agile thinking and planning to react to what seems to be ever-changing circumstances each providing a different challenge. I am immensely proud of them all and, on behalf of the board, I would like to give them my heartfelt thanks.

As an organisation we have stuck to our strategic plan to provide more holistic support, broaden the scope of our services in areas such as justice, mental health, housing and education. This is backed up by targeted research incorporating the voices of the young people and families we support. We are now working with more local authorities, statutory agencies, including the Scottish Government, and funders and I would like to place on record my thanks to all for recognising and supporting the work includem is doing in trying very hard to plug some of the gaps in the support network for vulnerable children, young people, and their families.

There is a way to go to achieve our aim of every child and young person in Scotland being given the opportunity of achieving their own individual potential. With your continued support, we will make further inroads in the years ahead.

There will be challenges and opportunities presented by the proposed National Care Service and The Promise and includem will be happy to contribute to any discussions and to reflect the views of our young people and families.

Chair & Chief Executive's Statement (continued) for the Year Ended 31st March 2021

Finally, I would like to thank my fellow trustees for their extremely valuable contributions to the governance and strategic operation of includem and, especially for their resilience and patience in dealing effectively with the trials and tribulations of the technology involved in online Zoom and Teams meetings! Special thanks to Caroline Innes who stood down as Trustee during the year and David Wallace who stood down as Trustee at the AGM in December after many years of valued service and a warm welcome to Donna Bell, Director of Mental Health, Learning Disability, Neurodiversity and Dementia, Scottish Government who joined us at the end of the financial year.

Iain Forbes



Chairperson

Date: 01.12.2021

Chair & Chief Executive's Statement (continued) for the Year Ended 31st March 2021

Chief Executive's Statement

I write this year's Chief Executive's Statement with great pride in our organisation following what has been the most challenging year in our 21-year history. We entered March 2020 with an agreed strategy in place and we concluded March 2021 with that strategy well and truly tested and not found wanting after the most difficult of years. This I see as a testament to the company wide participation in developing our strategy and the amazing resilience of the children, young people, families and communities we work with and the commitment of the entire includem family.

At the beginning of 2020 we had as an organisation developed our strategic objectives for 2020-2025. Centred around improving outcomes for the families we work with and developing our own resilience we approached the March board seeking sign off and looking forward to not only delivering against those objectives but also celebrating our 20th anniversary. As we approached the March board it became obvious that Covid-19 was going to have some impact on our organisation, the way we worked and the young people & families we worked with. Little did we know that we would encounter a global pandemic that would still be with us as we draw a close to this accounting year.

Includem is a relationship-based organisation that understands and works with risk on a daily basis. As such, the organisation carried out robust risk assessments, put protocols in place to get the right equipment and the right structures. We agreed operating arrangements with our funders and moved into a more digital driven way of working.

However, after a very brief hiatus, we were soon back to supporting and seeing people in face-to-face environments, when needed. The flexibility, ingenuity and commitment of includem colleagues has been humbling to see and inspiring to be a part of. At the same time as we undertook learning on how to keep supporting our families the board provided ongoing governance and support. We moved quickly to monthly online board calls. We quickly shored up our finances and became agile in how we invested. We reflected on strategy rather than measured it. This ongoing board support enabled includem to increase the level of investment we put through our "Young Person's Fund", it allowed us to put emergency support in place for both colleagues and families and it allowed us to react quickly to problems and opportunities whilst still retaining strong governance. But even with all this work and support it has not been an easy year, we have had to recruit in a "virtual" environment and bring on people in the same way. We have lost good people due to the uncertainty that the past 12 months has generated, and we have adapted to different ways of working and building relationships. For many the term "annus horribilis" might ring a bell but for me when I look at includem I think "annus mirabilis".

So, against this backdrop I present my annual report and look to the future:

Chair & Chief Executive's Statement (continued) for the Year Ended 31st March 2021

Financially this has been a very solid performance from includem during difficult times, worsened by some challenging procurements during this period as well as extensive reporting requirements, which have varied from Local Authority to Local Authority as well as with some funders. Our balance sheet remains strong and we enter 2021/22 with a strong commitment to invest in a variety of new and ground breaking projects.

Contracts have been a significant challenge the past 12 months and especially the last 6 months. All the work that includem delivers has now been contractualised, apart from our own investments, in what has and what continues to be a high “tender issued” environment. It has mainly been successful but means we have had to, and continue to, develop capability and capacity in bid work. Success has come in Fife, Stirling and Glasgow with wins in new areas of capability too including health and mental wellbeing. This will be critical for the organisation and our families as we move forward.

We have invested in the development of our research and participation this year and have seen some challenging and insightful results. It is vitally important for includem to build real strength in this area and 2020/21 has shown the value to us all of hearing the voice of young people and families. From our research into the impact of poverty on families in Glasgow, through to our involvement in the “Excluded” documentary includem has made and continues to make a difference to policy, policy makers and those we support. A mark of our impact has been the number of events we are now being asked to present at and our work being quoted in Parliament.

Future developments and ongoing developments have now become a feature of includem: We are the National Bereavement Coordinator for Scotland, we are currently trialing an education project in Dundee, a residential project in South Lanarkshire, a justice team across the central belt and a change project in the care sector. We will use this work to develop, learn and build for a strong future, not only for the families we support but the communities we work in too.

I am immensely proud to be a part of includem and at such a pivotal time in not only our future but that of the wider world we live in. At the most difficult of times, I have seen colleagues go the extra step, try something new and always keeping the young people and families we support at the centre of all we do. We have strong foundations, great people and as we continue to grow and develop so does our influence and so does our learning.

Martin Dorchester



Chief Executive Officer

Date: 01.12.2021

Directors' Report for the Year Ended 31st March 2021

The Directors present their annual report together with the audited financial statements of the Charity for the year 1 April 2020 to 31 March 2021. The Annual report serves the purposes of both a Trustees' report and a Directors' report under company law. The Directors confirm that the Annual report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

The Charity qualifies as small under section 382 of the Companies Act 2006, therefore, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 is not required.

Objectives and activities

Objectives and Aims

The Charity's objectives are:

To advance citizenship and community development, promote equality, advance education and health, prevent poverty and relieve those in need, and in particular, but without limitation, by:

- Providing intensive community-based support for young people with significant needs and risks, as the result of, for example, trauma, abuse, offending or relationship breakdown with the aim of improving their quality of life and unlocking their potential;
- Providing support for parents, carers and other family members to rebuild family relationships and prevent the breakdown of accommodation;
- Working in partnership with local authorities, health services and other advisory or community organisations, to facilitate access to a full range of support and information networks; and
- Contributing to knowledge and research on young people and the sector more generally by encouraging, promoting and facilitating research into the impact and effectiveness of the Charity's activities.

Significant Activities

The Charity's main activity is supporting vulnerable, distressed and complex children and young people through intensive, integrated, one to one support. We primarily work with young people aged between 5 and 25 who are subject to formal measures of care and who are also looked after at home. We also work with children in schools raising attainment and within the justice environment. We have an established infrastructure in Glasgow, Fife, Stirling, Dundee and Aberdeen and a delivery footprint covering the East & West of Scotland, primarily working in areas of multiple deprivation, providing support 24/7, through the includem helpline.

Our work challenges young people to achieve positive sustained change in their behaviour and relationships so they can move towards leading fulfilling lives.

Directors' Report (continued) for the Year Ended 31st March 2021

We believe young people are never beyond reach and that they require the support of a responsible service at their time of most need. By achieving better outcomes for young people, we improve family relationships, community safety, provide for better futures, reduce public spending and divert them from the justice system. As a result, we build strong community, and the whole of society benefits.

Achievements and performance

Charitable activities

The Charity has been resolute in its commitment to engage, support and encourage the most vulnerable and disadvantaged children, young people and families within communities in Scotland. This clear and defined purpose aligned with the steadfast assistance received from Local Authorities, grant funders, partners and stakeholders has ensured that the impact of our operations has been both wide reaching and empowering to the people whom it has supported into meaningful and life changing circumstances.

Includem has been supporting young people and their families for 21 years and has helped over 600 young people this year. Though significant, this achievement represented only part of a wide range of services provided by the Charity with designated reserves supporting additional projects identified through need and gaps in service provision.

The Board maintained the Charity's focus during 2020/21 on supporting individuals and key target groups with multiple challenges and continued providing services that support those needs. By focusing activity on key target groups, including those with multiple and complex needs, the Charity also continued to address its long-held commitment to support and engage with the most disadvantaged communities in Scotland by providing guidance, encouragement and a route to social inclusion. This, in a number of circumstances, is extremely challenging and is only possible due to the range of support measures coordinated by includem and with the support of a network of partners.

Over the last 21 years includem has supported Fair Work Practices, through measures such as the adoption and accreditation of the Living Wage, supporting the Scottish Business Pledge and the introduction of people-friendly (flexible) working policies.

Includem continues to support community events to raise awareness of services available to the community by:

- Engaging local schools to promote services and widen participation by providing accessible opportunities.
- Hosting consultation events with local people to actively encourage co-production and help shape future service provision for the community.
- Promoting gender equality, the Living Wage and Fair Work Practices within the workplace.

Directors' Report (continued) for the Year Ended 31st March 2021

The Care Inspectorate

Includem was inspected in February 2020, just before the national lockdown. During the inspection the inspector consistently heard from young people that they receive a very good quality of care and support from includem staff. Young people spoke about they liked that includem worked with their whole family which led to improved relationships with their parents and carers and brothers and sisters. Parents and carers also talked positively about how includem staff supported them to be better parents and to be able to create a more relaxed home.

It was an excellent inspection and we were all in agreement that we could do more with young people to promote participation and ensure they are more fully involved in shaping national policy and practice. There was lots of evidence of young people participating and co-designing their own service from includem.

The method of inspection changed for this inspection in that the focus was on two themes of quality of care and support and quality of staffing whereas there were three themes in previous inspections. The Care Inspectorate is also changing the evaluation framework to be used in future inspections of our service. For this inspection includem was awarded “grade 5 for very good” for both themes assessed.

A quote from the inspection, from a parent,

“INCLUDEM has saved my life. They are outstandingly good at what they do. The support is always there, and people are always at the end of the phone. They have been there for me as much as for my child. I can talk things through, they give me confidence that I am doing the right thing.”

A quote from a young person,

“If I wasn't with INCLUDEM I would definitely be sitting in a secure [service] just now. I am at home now and it's because of INCLUDEM. I now hate the way I treated my family and they have helped me reflect.”

The full report is available to download [Find care \(careinspectorate.com\)](https://careinspectorate.com).

Directors' Report (continued) for the Year Ended 31st March 2021

Financial review

Results

Income for the year was £4,838,725 (2020: £4,559,249) reflecting new contracts and grant income, and expenditure was £4,948,750 (2020: £4,624,586). After net gains on investments of £251,683 (2020: losses £110,948) a surplus of £141,658 was achieved (2020: deficit £176,285).

Going Concern

After making appropriate enquiries, considering the anticipated impact of Covid-19 on the operations and financial resources of the Charity and preparing cash flow forecasts for a period of 18 months from the date of approval of the financial statements, the Board has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Investment Policy and Performance

Under the Memorandum and Articles of Association the Charity has the powers to invest funds not immediately required for the purposes of the Charity's activities in such investments and securities in any way the Directors deem fit. The investment policy of the Charity is to maximise the investment returns whilst managing risk.

The risk level adopted as part of the Investment Policy continues to be low/medium.

The Board has appointed Brewin Dolphin as Investment advisors to assist with the investment of Charity funds.

Risk Management

The Board has identified the major strategic risks that includem is exposed to and has established controls and actions to minimise potential adverse outcomes. Risk is a significant part of daily operations for includem and is thus accorded considerable management time. As far as possible, the Board has ensured that all operational risks to staff, assets and third parties have been examined and appropriate plans put in place to manage this risk.

The Board also actively reviews the major financial risks which includem faces on a regular basis and believes that maintaining free reserves at the levels stated, combined with ongoing review of the controls over key financial systems, will provide sufficient resources in the event of adverse conditions.

The Board undertakes a review of the risk register at every quarterly Board Meeting, which prioritises the main risks facing includem. It agrees actions to mitigate and manage these risks. The Chief Executive is accountable for implementing these actions.

Directors' Report (continued) for the Year Ended 31st March 2021

The Board considers the following to be the main risks faced by the organisation:

- Loss or reductions in contract and funding levels, less flexibility in funding structures and short-term agreements
- Changing policy priorities at national and local government levels
- Failure in child protection practices could lead to child harm

This Directors' Report was prepared at a time of uncertainty due to the global Covid-19 pandemic. Whilst this did not have a significant impact on the financial performance for the year ended 31 March 2021, it is clearly important to explain to users of the Annual Report how we have responded as a Charity. The health and safety of employees and the young people and families that we work with are of paramount importance in everything that we do.

We have complied with government guidelines, ensuring that the wide variety of tasks that are undertaken on a daily basis have been modified as required to accord with the guidance. The Charity is providing support to all its employees to ensure that they can continue to work on site or remotely for those whose roles allow them to work from home.

We have also been working closely with those young people and families and our other stakeholders to ensure that where possible service levels and operational practices continue on a 'business as usual' basis when safe to do so.

These risks are mitigated by the Board, through the Chief Executive, appointing appropriate professionals to support the Charity across the full range of activities to ensure key decisions are supported by expert advice.

Reserves Policy

The Board approved the Reserves Policy at the Board Meeting in December 2020. The Board will review reserves levels annually to ensure they are appropriate to the Charity's needs, taking into account the risks and challenges facing the organisation. In December 2020, the Board considered the appropriate level of free reserves required to meet includem's contractual obligations and settle all liabilities in the event of winding up the charity. This figure is currently £1.2m which also equates to approximately three months running costs of the charity.

Any funds in excess of these reserves will be made available for projects that support and further the Charity's purpose and strategy. Funds are transferred to a designated reserve, with oversight by the Finance Committee. To release funds requires a fully costed proposal, reviewed by the Finance Committee and approved by the Board. The Finance Committee monitor the expenditure to ensure objectives are met.

The balance of Restricted Funds held at 31 March 2021 amounted to £18,191 (2020: £24,903).

The unrestricted reserves of the Charity at 31 March 2021 are £2,111,069 (2020: £1,962,699). After adjusting for tangible fixed assets, investments and designated reserves agreed by the Board of £369,805 (2020: £568,068), the 'free reserves' of the Charity are £405,234 (2020: £287,082).

Directors' Report (continued) for the Year Ended 31st March 2021

Structure, governance and management

Constitution

Includem is a registered charity (registered in Scotland (No. SC030233) incorporated under the Companies Act 2006 as a company limited by guarantee (No. SC207985).

The Charity was established under a Memorandum of Association which established the objects and powers of the Charity and is governed under its Articles of Association. In the event of the Charity being wound up, members are required to contribute an amount not exceeding £1. Revisions were made to the Memorandum and Articles of Association in December 2017 to bring them into line with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and were approved by OSCR.

Board of Trustees

Board members serve until the next Annual General Meeting, at which the Members of the Charity will decide on their reappointment. The retiring Board Members who are eligible for re-election at the December 2021 AGM are:

- Stephen McNeill
- Stuart Kennedy
- John Fanning
- Sally Kuenssberg

Board members who served during the year 2020/21 were:

Iain Forbes (Chair), served as Managing Director of The Herald and Evening Times before joining the third sector as CEO of the Scottish Mentoring Network. Iain previously chaired the Glasgow Education Business Partnership, Glasgow Childcare Partnership and Variety Scotland children's charity. In addition, he has been a director of the Association of Chief Officers of Scottish Voluntary Organisations and member of the Equalities Advisory Group for Scottish Enterprise.

John Fanning (Vice Chair) is a Chartered Accountant with extensive finance leadership experience in the private, public and third sectors. His most recent roles have been interim finance director roles in the charity sector. Prior to that, he was the Director of Finance at Registers of Scotland (Scotland's land registration service) and Director of Corporate Services at the Scottish Police Services Authority.

Bruce Marks (Treasurer and Secretary), Chartered Accountant and a Director at KPMG LLP. Bruce brings significant experience in Operational Financial Management and Corporate Governance and has provided accounting and financial advice to a range of charities over the course of the last 15 years.

Directors' Report (continued) for the Year Ended 31st March 2021

Abigail Kinsella is a careers guidance professional who has extensive experience working in local government, in higher education institutions and Skills Development Scotland at a national level, supporting the development of education, employment and skills policy, strategy and implementation. Abigail has a keen interest in helping young people and adults develop their employability skills and achieve their career ambitions.

Sally Kuenssberg CBE, in a career relating to children and young people, Sally worked in the Scottish juvenile justice system for 20 years, training members of the Children's Panel then serving as first chair of the Scottish Children's Reporter Administration. She also chaired the Yorkhill NHS Trust and served on the Greater Glasgow and Clyde Health Board. Among many voluntary activities, she has been a Trustee of Save the Children and a governor of several schools.

Morag Gunion originally qualified as a teacher and taught in various schools in Glasgow and the west of Scotland before moving into senior posts in education, first as an inspector in HMIE and then as a head of service in Glasgow City Council. Morag retired from full time work three years ago, but still works with education authorities on a consultancy basis.

Stephen McNeill retired from Police Scotland in 2014 with the rank of Inspector having completed 30 years' service. He has a varied career history with postings to Divisional CID, Force Drug Squad, Scottish Crime and Drug Enforcement Agency (SCDEA) and Hostage and Crisis Negotiation Unit for Scotland (HCNUS).

Stuart Kennedy is an IT professional with over 10 years' experience, currently specialising in Cloud Computing for all major ERP suites. His career experience combines both technical knowledge and service management, over a broad spectrum of customer industries including manufacturing, retail, financial services, healthcare and public sector.

David Brown originally qualified as a chartered surveyor and brings wide experience of the commercial property sector over many years in senior roles with national firms. For the last 12 years, Dave has run his own business, specialising in providing consultancy support in the areas of community investment/social value and community consultation.

Kevin O'Hare has held a series of senior strategic communications roles in the Police, Scottish Government and public sector. Previously, Kevin worked in Scottish newspapers and was Chief Sub-editor at The Herald in Glasgow. He has an MSc in Public Relations from Stirling University and is a member of the Chartered Institute of Public Relations.

Donna Bell is Director of Mental Health, Learning Disability, Neurodiversity and Dementia at Scottish Government. She has previously led on a number of Scottish Government policy areas: Response to COVID-19 in Health and Social Care; Mental Health; Police; Improvement, Attainment and Wellbeing in Learning; Early Years; Youth Justice and Finance. Educated at Glasgow and Edinburgh Universities and the University of California, Berkeley, Donna initially worked in Financial Services, before joining the Scottish Government in 2002.

Directors' Report (continued) for the Year Ended 31st March 2021

The Board provides its services on a voluntary basis and for this the Charity is indebted to them.

Method of Appointment or Election of Directors

The Board regularly reviews the skills currently represented by existing members and uses any identified gaps to frame the search for new members.

Policies Adopted for the Induction and Training of Directors

New members of the Board receive information about the Charity and the role of Trustees from the Chair and Chief Executive prior to taking up position.

The Board meetings also allow the communication of changes in regulation and ensure that the Board members keep up to date. Board members review their performance and training needs as part of the annual strategy review.

Organisation Structure and Decision Making

The Board has four committees which meet quarterly, Human Resources, Finance & IT, Services Development and Business Development & Engagement.

The Board meets quarterly during which time they receive information and reports from the four committees, the Chief Executive and executive team.

Leadership

The Board takes responsibility for the strategic governance of includem and delegates implementation and operational management to the Chief Executive and a team of four senior executives.

Appointment of the Chief Executive and Senior Executives are approved by the Board with the Chair or appointed Trustees involved in the recruitment process. The Board sets the salaries of the senior executives and delegates responsibility to the Chief Executive and executive team to set all other salaries.

The performance of the Chief Executive in relation to the agreed strategic objectives is monitored by the Chair and regular appraisals are undertaken. The Chief Executive carries out regular appraisals with the Senior Executives. The executive team cover all the areas necessary to run the Charity and are detailed below:

Martin Dorchester, Chief Executive - in a career spanning 30 years, Martin has operated nationally and internationally with organisations covering logistics, technology and finance. Martin was part of the team that brought the 5 radio authorities together to create Ofcom and worked with the London Borough of Hackney in developing its infrastructure for the 2012 Olympics.

Directors' Report (continued) for the Year Ended 31st March 2021

Martin is Vice Convener of the Coalition of Care Providers in Scotland (CCPS) and was Co- Chair of the Independent Care Review. He has held a number of non-executive roles including Non-executive Director of Traveline Scotland, The Sailor's Orphan Society of Scotland, Transport for Wales and currently Office of the Secretary of State for Scotland (OSSS) and Office of the Advocate General for Scotland (OAG). He is a committed supporter of Social and Community Business and Chaired Firstport Ltd, a start-up funding organisation for social enterprises.

Lynsey Smith, Service Delivery Director – a qualified Psychologist, Lynsey has seen every aspect of how includem works from its inception, when she joined as a project worker, and has grown with includem to be responsible for all its service operations. Lynsey also contributes to public policy affecting young people in social care across Scotland.

Andrew Collier, Director of Strategic Development and Innovation - MBA from Strathclyde University, spent 15 years with Calmac, culminating in his role as Operations Director, leads on our strategy to grow services through increased income generation to support future development and sustainability in includem.

Lucy Neilson, Head of Corporate Services - is a Chartered Management Accountant with extensive experience in the not-for-profit sector. Lucy brings expertise in financial and management reporting, medium and long-term budgeting and forecasting, risk management and change management. Lucy is responsible for HR, Finance, Support Services and IT.

Meg Thomas – Head of Research, Policy and Participation – as a qualified Social Worker with nearly 30 years' experience, Meg has brought her practice experience into the role to ensure that the voices and experiences of young people and families includem support to influence policy and practice at the widest level. Meg is also responsible for ensuring the changes to practice and policy on a national level is incorporated into includem's day to day practice to ensure our services remain relevant and up to date.

Workforce

Includem's staff are an essential component of our work in improving the lives of young people and their families. Includem recognises that nurturing high performance through effective development of a diverse workforce is essential if we are to remain successful. To this end, includem has adopted a set of Policies and Procedures which ensure all decisions about the employment and development of our employees, or potential employees, are free from discrimination of any kind. Includem is committed to fair work practices and is a Living Wage Accredited employer.

In order to promote and ensure effective engagement with staff, an Employee Forum has been established with elected representation from various parts of the organisation. Includem also has a Mental Health First Aid Group with Mental Health First Aiders available to employees.

Directors' Report (continued) for the Year Ended 31st March 2021

Plans for Future Periods

The main challenges facing the Charity are the ongoing impact of cuts in government funding, the continuing uncertainty surrounding its operating environment and the challenges facing all organisations and individuals with the Coronavirus pandemic. The current economic landscape is impacting the majority of commercial business, which both directly and indirectly places pressure on the charity sector and in particular includem's operating partners. Over the period 2021/22 the Charity will continue to undertake a range of activities to develop and enhance the capacity and sustainability of the organisation and will advance its mission to be a leading provider of quality support in its sector.

Directors' Responsibilities Statement

The Directors (who are also Trustees of includem for the purposes of charity law) are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. 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 incoming resources and application of resources, including the income and expenditure, of the Charity for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 will continue in operation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enables them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued) for the Year Ended 31st March 2021


Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Charity's auditors are unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies.

This report was approved by the Board and signed on its behalf by:


.....
J Bruce Marks
Secretary

Date: 01.12.2021

Independent Auditor's Report to the Members of includem

Opinion

We have audited the financial statements of includem (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021, 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of includem (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate and proper 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report to the Members of includem (continued)

Responsibilities of Trustees

As explained more fully in the Directors' Responsibilities Statement (set out on page 15), the directors 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 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 charitable 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 regulations made under those Acts.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with directors and other management, and from our charity sector knowledge;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation;

Independent Auditor's Report to the Members of includem (continued)

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal invoices; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- inspecting any legal invoices; and
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

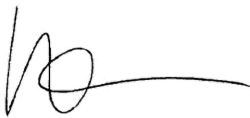
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Independent Auditor's Report to the Members of includem (continued)

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 directors, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's directors as a body, for our audit work, for this report, or for the opinions we have formed.



Antony J Sinclair BAcc CA (Senior Statutory Auditor)

For and on behalf of
French Duncan LLP
Chartered Accountants and Statutory Auditors
133 Finnieston Street, Glasgow, G3 8HB

3 December 2021

French Duncan LLP are eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of Financial Activities for the Year ended 31st March 2021 (incorporating income & expenditure account)

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	4	-	11,599	11,599	5,835
Charitable activities	5	3,740,674	1,059,973	4,800,647	4,514,133
Investments	6	26,479	-	26,479	38,721
Other income	7	-	-	-	560
Total income		3,767,153	1,071,572	4,838,725	4,559,249
Expenditure on:					
Raising funds	8	162,369	37,305	199,674	177,111
Charitable activities	9	3,484,834	1,264,242	4,749,076	4,447,475
Total expenditure		3,647,203	1,301,547	4,948,750	4,624,586
Net income and expenditure before Investment gains and losses		119,950	(229,975)	(110,025)	(65,337)
Net gains/(losses) on investments		251,683	-	251,683	(110,948)
Net income/(expenditure)		371,633	(229,975)	141,658	(176,285)
Transfers between funds	21	(223,263)	223,263	-	-
Net movement in funds		148,370	(6,712)	141,658	(176,285)
Reconciliation of funds:					
Total funds brought forward		1,962,699	24,903	1,987,602	2,163,887
Net movement in funds		148,370	(6,712)	141,658	(176,285)
Total funds carried forward		2,111,069	18,191	2,129,260	1,987,602

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

The notes on pages 26 to 49 form part of these financial statements.

Balance Sheet as at 31st March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	33,556	56,759
Investments	15	1,302,474	1,050,790
		1,336,030	1,107,549
Current assets			
Debtors	16	431,435	482,109
Cash at bank and in hand		1,071,752	751,770
		1,503,187	1,233,879
Creditors: amounts falling due within one year	17	(644,957)	(288,826)
Net current assets		858,230	945,053
Total assets less current liabilities		2,194,260	2,052,602
Provisions for liabilities	19	(65,000)	(65,000)
Total net assets		2,129,260	1,987,602
Charity funds			
Restricted funds	21	18,191	24,903
Unrestricted funds			
Designated funds	21	369,805	568,068
General funds	21	1,741,264	1,394,631
Total unrestricted funds	21	2,111,069	1,962,699
Total funds		2,129,260	1,987,602


Balance Sheet as at 31st March 2021 (continued)

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Directors and signed on their behalf by:


Iain Forbes


J Bruce Marks

Date: 01.12.2021

The notes on pages 26 to 49 form part of these financial statements.

Statement of Cash Flows for the Year Ended 31st March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by/(used) in operating activities	24	309,242	(300,637)
Cash flows from investing activities			
Dividends and interest from investments		26,479	38,721
Purchase of tangible fixed assets		(15,738)	(7,333)
Proceeds from sale of investments		287,575	415,006
Purchase of investments		(287,576)	(419,531)
Net cash provided by investing activities		10,740	26,863
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		319,982	(273,774)
Cash and cash equivalents at the beginning of the year		751,770	1,025,544
Cash and cash equivalents at the end of the year	25	1,071,752	751,770
The notes on pages 26 to 49 form part of these financial statements			

Notes to the Financial Statements for the Year Ended 31st March 2021

1. General information

The Charity is a company limited by guarantee, incorporated in the UK and registered in Scotland (Company number: SC207985). Its registered office is Unit 6000, Academy Park, Gower Street, Glasgow, G51 1PR. The members of the Charity are the Directors named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) – 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Includem 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.

2.2 Going concern

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The Trustees have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the impact of COVID-19 on the operations and its financial resources, the Charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Charity is dependent on income from contracts it has with Local Authorities and grant givers to ensure its objectives continue to be achieved for the longer term. The accounts have been prepared on the basis that the Charity has the continued support of its funders and sufficient funds in the current and future years. The Charity has no reason to believe that funding will not continue and that new opportunities will not continue to present themselves.

Consequently, the Trustees are confident that the Charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the Financial Statements for the Year Ended 31st March 2021

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable 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.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Income from government and other grants, whether 'capital' 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 the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

Service Development expenditure includes expenditure on service development supported by either grants or reserves.

Notes to the Financial Statements for the Year Ended 31st March 2021

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters.

All expenditure is inclusive of irrecoverable VAT. Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Support costs have been analysed across the Charity's main activities. Governance costs have not been allocated to the cost of raising funds as this is neither significant nor practical to allocate appropriately. The allocation of support costs is analysed in note 10.

2.5 Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Short-term leasehold property	- Straight line over the period of the lease
Fixtures and fittings	- Straight line over 5 years
Computer equipment	- Straight line over 3 years

Notes to the Financial Statements for the Year Ended 31st March 2021

2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their opening carrying value. Realised and recognised investment gains and losses are combined in the statement of financial activities.

2.8 Debtors

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

2.9 Cash at bank and in hand

Cash at bank and 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.

2.10 Liabilities

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.11 Provisions

Provisions are recognised when the Charity has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based

Notes to the Financial Statements for the Year Ended 31st March 2021

on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 Financial instruments

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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.13 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Employees of the Charity are entitled to join a defined contribution 'money purchase' scheme. The Charity contribution is restricted to the contributions disclosed in note 27. The management costs of the defined contribution scheme are included within support and governance costs and charged to the unrestricted funds of the Charity.

The money purchase plan, managed by Legal and General, invests the contributions made by the employee and employer in investment funds designated by the employee to build up over the term of the plan. The pension fund is converted into a pension upon the employee's normal retirement age, defined as when they are eligible for a state pension. The Charity has no liability beyond making its contributions and paying across the deductions for the employee's contributions.

2.15 Fund accounting

General funds, created from services commissioned by Local Authorities for young people in their responsibility, or other services provided directly to or by third parties, are available for use at the discretion of the Board in developing the quality and scale of its services to young people, and not designated for other specific purposes. They provide the financial security, taking account of the risks and challenges facing the service and ensure continuous service development and efficiency.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes, to further the charitable aims and to develop the services to support

Notes to the Financial Statements for the Year Ended 31st March 2021

those charitable aims. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are grants, donations or legacies received from donors for work not provided under services commissioned by local authorities, unless contractually specified, and applied to meet the donor's objectives. These generally represent a timing difference between the receipt of funds and the provision of the actual service to young people, or staff development as appropriate.

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. These are detailed below.

Provisions

Provisions are recognised where the Charity has an obligation, as a result of a past event, that can be measured reliably. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability.

Notes to the Financial Statements for the Year Ended 31st March 2021

4. Income from donations and legacies

	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Donations	11,599	11,599	5,835
<i>Total 2020</i>	<u>5,835</u>	<u>5,835</u>	

5. Income from charitable activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Intensive Support – Service Contracts	3,700,674	412,459	4,113,133	4,301,649
Intensive Support – Grant Funding	40,000	647,514	687,514	212,484
Total 2021	<u>3,740,674</u>	<u>1,059,973</u>	<u>4,800,647</u>	<u>4,514,133</u>
<i>Total 2020</i>	<u>4,301,649</u>	<u>212,484</u>	<u>4,514,133</u>	

Analysis of grants received

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Grants received				
Scottish Government	-	391,636	391,636	60,400
Scottish Local Authorities	-	449,669	449,669	412,459
Barclays Charities Trust	-	52,737	52,737	-
Dunlossit & Islay	20,000	-	20,000	-
The Hunter Foundation	-	99,673	99,673	-
Robertson Trust	-	-	-	58,750
Esmee Fairburn	20,000	16,258	36,258	43,334
Corra Foundation	-	50,000	50,000	50,000
	<u>40,000</u>	<u>1,059,973</u>	<u>1,099,973</u>	<u>624,943</u>

Notes to the Financial Statements for the Year Ended 31st March 2021

6. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Investments	24,801	24,801	35,091
Bank interest received	1,678	1,678	3,630
Total 2021	26,479	26,479	38,721
<i>Total 2020</i>	<i>38,721</i>	<i>38,721</i>	

7. Other income

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Student Assessments	-	-	560
<i>Total 2020</i>	<i>560</i>	<i>560</i>	

Notes to the Financial Statements for the Year Ended 31st March 2021

8. Expenditure on raising funds

Costs of raising voluntary income

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Allocated management/staff costs	162,369	37,305	199,674	177,111
<i>Total 2020</i>	<u>148,547</u>	<u>28,564</u>	<u>177,111</u>	

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Intensive Support – Service Contracts	3,484,834	-	3,484,834	3,560,841
Intensive Support – Grant Funding	-	126,677	126,677	85,910
Intensive Support – Reserves Funding	-	1,094,254	1,094,254	796,787
Direct Support – Donations Funding	-	43,311	43,311	3,937
	<u>3,484,834</u>	<u>1,264,242</u>	<u>4,749,076</u>	<u>4,447,475</u>
<i>Total 2020</i>	<u>3,560,841</u>	<u>886,634</u>	<u>4,447,475</u>	

Notes to the Financial Statements for the Year Ended 31st March 2021

10. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Intensive Support – Service Contracts	2,464,649	1,020,185	3,484,834	3,560,841
Intensive Support – Grant Funding	-	126,677	126,677	85,910
Intensive Support – Reserves Funding	978,870	115,384	1,094,254	796,787
Direct Support – Donations Funding	43,311	-	43,311	3,937
	<u>3,486,830</u>	<u>1,262,246</u>	<u>4,749,076</u>	<u>4,447,475</u>
<i>Total 2020</i>	<u>3,366,986</u>	<u>1,080,489</u>	<u>4,447,475</u>	

Analysis of direct costs

	Intensive Support – Service Contracts 2021 £	Intensive Support – Grant Funding 2021 £	Intensive Support – Reserve Funding 2021 £	Direct Support – Donations Funding 2021 £	Total Funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	1,939,463	-	727,424	-	2,666,887	2,610,073
Depreciation	31,667	-	7,275	-	38,941	53,722
Young person expenditure	136,837	-	164,225	43,311	344,373	318,141
Property & office costs	162,653	-	35,369	-	198,022	223,081
Communication & IT costs	190,837	-	43,844	-	234,681	158,065
Regulatory costs	3,192	-	733	-	3,925	3,904
	<u>2,464,649</u>	<u>-</u>	<u>978,870</u>	<u>43,311</u>	<u>3,486,830</u>	<u>3,366,986</u>
<i>Total 2020</i>	<u>2,654,619</u>	<u>-</u>	<u>708,43</u>	<u>3,937</u>	<u>3,366,986</u>	

Notes to the Financial Statements for the Year Ended 31st March 2021

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Intensive Support - Service Contracts 2021 £	Intensive Support - Grant Funding 2021 £	Intensive Support - Reserves Funding 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	781,128	64,077	115,384	960,589	852,054
Service development	30,643	14,719	-	45,362	78,719
Governance costs	208,414	47,881	-	256,295	149,716
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,020,185	126,677	115,384	1,262,246	1,080,489
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2020</i>	<i>906,224</i>	<i>85,910</i>	<i>88,355</i>	<i>1,080,489</i>	

11. Auditor's remuneration

	2021 £	<i>2020 £</i>
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	9,582	9,582
	<hr/>	<hr/>

12. Staff costs

	2021 £	<i>2020 £</i>
Wages and salaries	3,325,951	3,229,630
Social security costs	300,522	277,898
Contribution to defined contribution pension schemes	140,773	139,807
	<hr/>	<hr/>
	3,767,246	3,647,335

Notes to the Financial Statements for the Year Ended 31st March 2021

12. Staff costs (continued)

The average number of persons employed by the Charity during the year was as follows:

	2021	2020
	No.	No.
Permanent Staff	113	112
Sessional Staff	13	15
	126	127

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021	2021
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £90,001 - £100,000	1	1

The key management personnel of the Charity are the Board and the senior management team. The five key managers were paid aggregate remuneration totaling £397,433 (2020: £449,892, six managers).

13. Directors' remuneration and expenses

During the year, no Directors received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 March 2021, no Director expenses have been incurred (2020 - £NIL).

Notes to the Financial Statements for the Year Ended 31st March 2021

14. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2020	156,418	96,493	316,320	569,231
Additions	-	-	15,738	15,738
Disposals	-	-	-	-
At 31 March 2021	156,418	96,493	332,058	584,969
Depreciation				
At 1 April 2020	146,464	90,391	275,617	512,472
Charge for the year	4,250	2,677	32,015	38,941
On disposals	-	-	-	-
At 31 March 2021	150,714	93,068	307,632	551,413
Net book value				
At 31 March 2021	5,704	3,425	24,426	33,556
<i>At 31 March 2020</i>	<i>9,954</i>	<i>6,102</i>	<i>40,703</i>	<i>56,759</i>

Notes to the Financial Statements for the Year Ended 31st March 2021

15. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 April 2020	1,050,790
Additions	287,576
Disposals	(295,168)
Revaluations	259,276
At 31 March 2021	1,302,474

Historical cost of listed investments

	2021 £	2020 £
Historical cost	1,142,957	1,165,454

16. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	333,324	409,421
Other debtors	6,315	5,964
Prepayments and accrued income	91,796	66,724
	431,435	482,109

Notes to the Financial Statements for the Year Ended 31st March 2021

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	43,205	56,924
Other taxation and social security	112,542	66,439
Other creditors	92,555	85,373
Accruals and deferred income	396,655	80,090
	644,957	288,826

18. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through income and expenditure	1,302,474	1,050,790

Financial assets measured at fair value through income and expenditure comprise fixed asset investments. Fair value is determined by prices from a recognised stock market.

19. Provisions

	Dilapidations Provision £
At 1 April 2020 & At 31 March 2021	65,000

The charitable company makes provision for dilapidations, being the cost of bringing properties back to the state they receive them.

Notes to the Financial Statements for the Year Ended 31st March 2021

20. Accruals and deferred income

	2021 £	2020 £
Deferred income at 1 April 2020	34,934	-
Resources deferred during the year	359,779	34,934
Amounts released from previous periods	(34,934)	-
Deferred income at 31 March 2021	359,779	34,934

Deferred income relates to funding received during the year which relates to future periods.

21. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted funds						
Designated funds						
Digital Strategy	430,068	-	-	(100,000)	-	330,068
Includem Justice	-	-	(60,263)	100,000	-	39,737
Voluntary Services	138,000	-	(138,000)	-	-	-
	568,068	-	(198,263)	-	-	369,805
General funds						
General Funds - all funds	1,394,631	3,767,153	(3,448,940)	(223,263)	251,683	1,741,264
Total Unrestricted funds	1,962,699	3,767,153	(3,647,203)	(223,263)	251,683	2,111,069

Notes to the Financial Statements for the Year Ended 31st March 2021

21. Statement of funds (continued)

Statement of funds - current year (continued)

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Restricted funds						
Voluntary services	-	63,333	(201,333)	138,000	-	-
Service development	-	14,525	(14,525)	-	-	-
Young people support	24,903	11,599	(43,311)	25,000		18,191
Core service	-	982,115	(1,042,378)	60,263	-	-
	<u>24,903</u>	<u>1,071,572</u>	<u>(1,301,547)</u>	<u>223,263</u>	<u>-</u>	<u>18,191</u>
Total of funds	<u>1,987,602</u>	<u>4,838,725</u>	<u>(4,948,750)</u>	<u>-</u>	<u>251,683</u>	<u>2,129,260</u>

Notes to the Financial Statements for the Year Ended 31st March 2021

21. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2019</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2020</i>
	£	£	£	£	£	£
Unrestricted funds						
Designated funds						
Fundraising capacity builder	63,068	-	-	(63,068)	-	-
School start-up costs	50,000	-	-	(50,000)	-	-
Digital strategy	150,000	-	-	280,068	-	430,068
Research & Development	150,000	-	-	(150,000)	-	-
Voluntary services support	155,000	-	-	(17,000)	-	138,000
	<u>568,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568,068</u>
General funds						
General Funds - all funds	<u>1,572,813</u>	<u>3,928,471</u>	<u>(3,709,388)</u>	<u>(286,317)</u>	<u>(110,948)</u>	<u>1,394,631</u>
Total Unrestricted funds	<u>2,140,881</u>	<u>3,928,471</u>	<u>(3,709,388)</u>	<u>(286,317)</u>	<u>(110,948)</u>	<u>1,962,699</u>

Notes to the Financial Statements for the Year Ended 31st March 2021

21. Statement of funds (continued)

Statement of funds - prior year (continued)

	<i>Balance at 1 April 2019</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2020</i>
	£	£	£	£	£	£
Restricted funds						
Voluntary services	-	93,334	(271,359)	178,025	-	-
Attainment	-	471,209	(579,501)	108,292	-	-
Service development	-	400	(400)	-	-	-
Young people support	23,006	5,835	(3,938)	-	-	24,903
Core service	-	60,000	(60,000)	-	-	-
	<u>23,006</u>	<u>630,778</u>	<u>(915,198)</u>	<u>286,317</u>	<u>-</u>	<u>24,903</u>
Total of funds	<u>2,163,887</u>	<u>4,559,249</u>	<u>(4,624,586)</u>	<u>-</u>	<u>(110,948)</u>	<u>1,987,602</u>

Notes to the Financial Statements for the Year Ended 31st March 2021

The aim and use of the designated fund is broken down as follows:

Digital Strategy - In November 2020, following a review, the Board approved the level of reserves required to achieve our plans for the digital project and deliver on the approved strategy to £330,068.

Includem Justice Team – The Board agreed in October 2020 to match the £100k Scottish Government grant to accelerate the delivery of this essential service to strengthen support for young people involved, or at risk of being involved, with the justice system, and divert them from participating in criminal behavior, help them to positively engage within their neighborhood, help improve their wellbeing and resilience and they are respected, responsible and included.

Voluntary Services Support - The Board agreed to support the continuation of the includem Transitions and Impact Services until the end of financial year 2020/21. These essential services are largely supported by Charitable Institutions, but any shortfall is funded by includem. A transfer is made from the designated support reserve to the restricted operational reserve.

The aim and use for each restricted fund is as follows:

Voluntary Services – Includem provides services which are voluntary to young people supported by charitable institutions. These services are transitions which enable young people who have been on the core programme and who no longer meet Local Authority criteria but who includem feel are at risk of relapse or need additional support to achieve stability.

Service Development - Service Development aims to support the service development processes and improve Includem's quality procedures and evidencing of outcomes and maintaining the high standards of learning.

Young People Support – the young person fund is a small non-service fund raised from donations, used to enable young people and families to have experiences they would otherwise not have the opportunity to, which many of us take for granted.

Core Services - Includem Justice Team is supported by the Scottish Government in connection with the Adapt Project to support young people and divert them from participating in criminal behaviour, help them to positively engage within their neighborhood, help improve their wellbeing and resilience and they are respected, responsible and included.

Notes to the Financial Statements for the Year Ended 31st March 2021

22. Summary of funds

Summary of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Designated funds	568,068	-	(198,263)	-	-	369,805
General funds	1,394,631	3,767,153	(3,448,940)	(223,263)	251,683	1,741,264
Restricted funds	24,903	1,071,572	(1,301,547)	223,263	-	18,191
	<u>1,987,602</u>	<u>4,838,725</u>	<u>(4,948,750)</u>	<u>-</u>	<u>251,683</u>	<u>2,129,260</u>

Summary of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
Designated funds	568,068	-	-	-	-	568,068
General funds	1,572,813	3,928,471	(3,709,388)	(286,317)	(110,948)	1,394,631
Restricted funds	23,006	630,778	(915,198)	286,317	-	24,903
	<u>2,163,887</u>	<u>4,559,249</u>	<u>(4,624,586)</u>	<u>-</u>	<u>(110,948)</u>	<u>1,987,602</u>

Notes to the Financial Statements for the Year Ended 31st March 2021

23. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	33,556	-	33,556
Fixed asset investments	1,302,474	-	1,302,474
Current assets	1,484,996	18,191	1,503,187
Creditors due within one year	(644,957)	-	(644,957)
Provisions for liabilities and charges	(65,000)	-	(65,000)
Total	2,111,069	18,191	2,129,260

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	56,759	-	56,759
Fixed asset investments	1,050,790	-	1,050,790
Current assets	1,208,976	24,903	1,233,879
Creditors due within one year	(288,826)	-	(288,826)
Provisions for liabilities and charges	(65,000)	-	(65,000)
Total	1,962,699	24,903	1,987,602

Notes to the Financial Statements for the Year Ended 31st March 2021

24. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the period (as per Statement of Financial Activities)	141,658	(176,285)
Adjustments for:		
Depreciation charges	38,941	53,722
Gain/(loss) on investments	(251,683)	110,948
Dividends and interest from investments	(26,479)	(38,721)
Decrease/(increase) in debtors	50,674	(199,702)
Increase/(decrease) in creditors	356,131	(50,599)
Net cash provided by/(used in) operating activities	309,242	(300,637)

25. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	986,752	581,770
Notice deposits (less than 3 months)	85,000	170,000
Total cash and cash equivalents	1,071,752	751,770

26. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	751,770	319,982	1,071,752
	751,770	319,982	1,071,752

Notes to the Financial Statements for the Year Ended 31st March 2021

27. Pension commitments

The Charity contributes to a defined contribution scheme operated by Legal & General.

The Charity makes contributions of 4.5% of gross salary to the scheme for those who have elected to join with Employees contributing a minimum of 3.5%.

The Charity contributed £140,773 in the year (2020: £139,807).

28. Operating lease commitments

At 31 March 2021 the Charity had commitments to make future minimum lease payments under non- cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	84,481	84,481
Later than 1 year and not later than 5 years	69,970	93,594
	154,451	178,075

29. Related party transactions

The Board members all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2020: None). No expenses were paid to the Board in the year (2020: None). Board members are entitled to expenses, however waive this right, and it is not practical to value this, but it is not significant.

During the year, no Board member had any personal interest in any contract or transaction entered into by the Charity (2020: None).



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