

**THE CHEST HEART & STROKE
ASSOCIATION SCOTLAND
(limited by guarantee)**

**FINANCIAL STATEMENTS
31 MARCH 2012**

**Company Number : SC129114
Charity Number: SC018761**

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THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
(limited by guarantee)
REPORT OF THE TRUSTEES
LEGAL AND ADMINISTRATIVE INFORMATION

31 March 2012

DIRECTORS

Dr Gavin Boyd	(Chairman)
Mr Tom Crombie	(Vice Chairman)
Dr Roger G Smith	(Vice Chairman)
Mrs Gill Alexander	
Dr Alan Begg	(Appointed 23 May 2011)
Mr Charlie Chung	(Appointed 23 May 2011)
Mr Brian Denholm	
Prof Martin Dennis	
Prof Charles D Forbes	
Dr David H Franklin	
Mrs Hazel Fraser	
Prof James A R Friend	
Mr James B Grant	
Dr Anne Hendry	
Mr Harold Inglis	(Resigned 22 November 2011)
Prof Peter Langhorne	
Prof Gordon Lowe	
Mr Colin W McLean	
Mrs Barbara Mitchelmore	
Dr David A Player	
Dr Henry Prempeh	
Professor Sir Lewis D Ritchie	
Mr George Sime	
Dr Robert R C Stewart	
Prof Allan Struthers	
Dr J Douglas Stuart	
Mrs Sandra Walker	
Dr Keith Weston	

SECRETARY

Mr D H Clark

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THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
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REPORT OF THE TRUSTEES
LEGAL AND ADMINISTRATIVE INFORMATION (continued)

31 March 2012

AUDITOR	PKF (UK) LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
BANKERS	Royal Bank of Scotland plc 142-144 Princes Street Edinburgh EH2 4EQ
INVESTMENT MANAGERS	Deutsche Bank Private Wealth Management 130 St Vincent Street Glasgow G2 5SE
SOLICITORS	Blair Cadell The Bond House 5 Breadalbane Street Edinburgh EH6 5JH

The Trustees, who are also directors of the Charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ending 31 March 2012. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in 2005 in preparing the annual report and financial statements of the Charity.

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For the year ended 31 March 2012

Legal and administrative details

The Charity is a charitable company limited by guarantee and was set up on 24 December 1990. It is governed by a Memorandum and Articles of Association, which were agreed in March 1991. It is a registered Scottish Company (Scottish Company Number SC129114) and registered with the Office of the Scottish Charity Regulator (OSCR) (Scottish Charity Number SC018761).

The Chairman of Council, the Charity's governing body, is Dr Gavin Boyd and the Chief Executive Mr David Clark. The registered office, which is the principal office of the Charity, is detailed on Page 1.

Structure, governance and management

CHSS is governed by a Council of up to 30 members established under the Memorandum and Articles of Association. The full Council meets twice a year and comprises members from a range of backgrounds including medicine, nursing, therapy, social care, business and industry, and patient and volunteer representation.

In 2012 the Council undertook a full review of its composition and expanded its membership to ensure full representation of all stakeholder interests and geographic representation from throughout Scotland, including representatives of the Charity's service users and volunteers. The charity is currently advertising throughout Scotland to fill 'gaps' identified in the areas of business, legal and human resources expertise.

Individual induction meetings are held with new Trustees. Formal training needs assessments are undertaken and a trustee training programme has been in operation for the past four years. The Charity maintains a formal register of interest, which is updated annually.

Responsibility for oversight of the Charity's services is delegated to an Executive Committee, and for finance, human resources and fundraising to a Finance and Audit Committee. Both comprise Council members, with powers to co-opt others, and meet five times a year. Responsibility for research and welfare activities is delegated to specialist committees with a mix of Council and co-opted members.

The Chairman of Council serves for a five-year term, and may be re-elected for a further five years; the Chairmen of Committees serve for three years, and may be re-elected for a further three years. Standing Orders have been drawn up for Council and Committees which define their responsibilities. These are currently being reviewed.

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For the year ended 31 March 2012

IMPACT – our aims, and what we achieved over the year

What we aim to do

Our mission is to improve the quality of life for people in Scotland affected by chest, heart and stroke illness, through medical research, influencing public policy, advice and information, and support in the community.

To fulfil this mission, we have set ourselves five key objectives, which are: -

- to fund high-quality research into the prevention, treatment, rehabilitation and social impact of chest, heart and stroke illness
- to provide the highest professional standards of independent, confidential advice and support in the community
- to provide directly, and support others to provide, locally-accessible community services throughout Scotland
- to work in partnership with the NHS to promote evidence-based, patient-centred care and support, and to encourage innovative service developments
- to involve patients and carers in the Charity's activities, and represent their interests to Government and other agencies

Our main charitable activities are: -

- funding medical research
- communication support for people affected by stroke, particularly those with speech and language difficulties (aphasia)
- the CHSS Advice Line and patient information
- nursing and other support services in the community for people affected by stroke, heart failure and respiratory conditions (COPD)
- education and training activities, including training for patient involvement
- the Community Support Network, supporting voluntary chest, heart and stroke clubs
- personal support grants and welfare benefits advice
- campaigning to Government, the NHS and other agencies on health issues
- representational activities on behalf of patients and carers.

In November 2009, the Trustees approved the Charity's Strategic Plan for 2010 – 2013. A summary version has been produced and circulated to all of the Charity's Trustees, staff, volunteers, supporters and partner agencies. Over the coming year, the Trustees will undertake a comprehensive review of progress against objectives set in the Plan, consult widely with stakeholders, and update the Strategy for the next three years.

THE CHEST HEART & STROKE ASSOCIATION SCOTLAND
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REPORT OF THE TRUSTEES
For the year ended 31 March 2012

What we have achieved over the year

Over the past year, we have maintained our position as one of Scotland's major charitable funders of medical research. Thanks to the generosity of our supporters, we were able to invest more than £600,000 in a range of project awards, smaller pilot studies and commissioned studies. We are particularly involved in the development of telemedicine, in fields ranging from the acute treatment of stroke to the delivery of both services and information to people with chest, heart and stroke conditions living in rural areas – an area where Scotland is leading the way in the application of high quality research to improve patient care.

Our research programme remains heavily over-subscribed, with approximately five times as many applications as we are able to fund. During the year we achieved re-accreditation from the Association of Medical Research Charities (AMRC), assuring our supporters that we operate to the highest standards of peer review in the selection of projects for funding.

Across the country we provide services to more than 14,000 people affected by chest, heart and stroke conditions. In spite of challenging general economic circumstances and continuing severe restrictions on NHS and other statutory funding, we were able to maintain and expand our network of patient services. The CHSS Advice Line continues to provide much-appreciated support for patients and carers, and has now handled more than 30,000 calls since its establishment. We continued to expand our range of patient information, with new and updated booklets, factsheets and DVDs on all aspects of chest, heart and stroke conditions. We distributed more than 180,000 publications during the year, all free to patients and carers.

Our Welfare Programme distributed 589 personal support grants, worth a record total of £202,283, to people in financial difficulty arising from chest, heart or stroke illness. These cover a range of purposes from respite care to specialist disability and communication equipment. We also support three specialist benefits advisors working in partnership with Citizens Advice Bureaux in Lanarkshire, Glasgow and Fife; between them, they dealt with 1,243 referrals and generated £1,589,044 in additional statutory benefits income to which clients were entitled.

The Charity has detailed grant-making policies covering all research, training and personal support grants, which are subject to continuous review by the relevant Committees. These specify the range of awards available, financial limits, criteria for applications, approval procedures and timescales. Full details are published on the Charity's website and are available from Head Office.

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Other significant achievements over the year included:

- the continued expansion of the web-based STARs stroke training programme, with the launch of **Stroke4carers**, providing support for informal carers, and work beginning on STARs5; as of March 2012, this internationally-recognised resource has attracted more than 140,000 unique users from 136 countries;
- completion of the second phase of the national programme of training in thrombolytic (clot-busting) therapy for stroke, aimed at Scottish Ambulance Service and Accident and Emergency staff;
- the launch of **SCoT** (stroke competency toolkit), a learning and development resource for all nursing staff involved in stroke care in Scotland, and its incorporation in the Government's Scottish Patient Safety Programme (SPSP);
- in partnership with NHS Lothian, piloting an innovative telehealth approach to the provision of speech and language therapy after stroke, involving volunteer support;
- the development of the **Mutual MCN** programme through Voices Scotland, and its recommendation to all NHS Boards by the Chief Executive of NHS Scotland;
- securing corporate funding for the extension of the Charity's heart failure support service to Highland.

As well as directly providing services, we work with the National Health Service and Scottish Government to improve NHS services for patients, and with the public and media to enhance public awareness of risk factors for chest, heart and stroke illness. Our Cross-Party Parliamentary Group on heart disease and stroke has been very active, with meetings in Holyrood every three months, bringing together patients, carers and clinicians with MSPs and Ministers to discuss current issues of concern. For the Scottish Parliamentary elections of May 2011, we distributed our 'Manifesto' to every candidate of the major parties, outlining our priorities in health over the next five years.

Our main campaign priority over the year has continued to be the FAST campaign, with the twin aims of raising public awareness of the signs and symptoms of stroke, and the need to seek specialist medical help urgently. Working with local stroke services, we have run campaigns in Fife (March 2011), Dumfries and Galloway (May 2011), and Tayside (October 2011), which completed coverage in mainland Scotland. In January 2012, we co-operated with the Scottish Government to run a very successful FAST campaign in all of the 1,200 community pharmacies across Scotland; and working with Edinburgh University, we funded the development of a FAST app for smart phones.

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We are currently working with colleagues in the British Heart Foundation Scotland and Scottish Ambulance Service to develop a similar campaign around chest pain, which was piloted in Lanarkshire in March 2012. We also participated fully in the Audit Scotland review of cardiology services in Scotland, bringing together focus groups to ensure a patient view was included, and presenting evidence directly to the Scottish Parliament's Public Audit Committee on the issue.

More detailed information on the Charity's activities and achievements over the past year is provided in the CHSS **Annual Review for 2011-12**, available from the Charity's Head Office.

Key Performance Indicators

In the Trustees' report for the year to 31 March 2011, a number of key performance indicators (KPIs) were set out, derived from the Charity's Strategic Plan, against which performance in the year to 31 March 2012 could be assessed. These KPIs, and progress against them, are as follows: -

- Direct expenditure on research should be increased to a minimum of £625,000 – **not achieved:** research expenditure @ £605,672 – this resulted from a fellowship award of £90,000 made in February 2012 being declined by the applicant after interview; the funds were re-directed to support of our benefits advice service
- A minimum of 70% of total CHSS expenditure should be on charitable services – **achieved:** charitable expenditure @ 70% of total
- A minimum of 50% of CHSS direct local services expenditure should be secured from statutory sources – **not achieved:** grants @ 47% of total direct expenditure
- CHSS should maintain the level of uncommitted reserves within the range of 9 to 12 months' defined operating expenditure – **achieved:** free reserves @ 9.25 months budget expenditure for 2012 – 2013
- The sickness absence rate across all CHSS activities should be less than 4% - **achieved:** sickness absence rate @ 3.7% for 2011 – 2012

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For the year ended 31 March 2012

Plans for the year ahead

Our plans for the next 12 months include: -

- a strategic review of the aims and objectives of our research programme;
- completion of STARs5, and the development of HEART-E, a parallel e-learning resource for staff working in the treatment of heart disease;
- the development of phase two of the SCoT programme, targeted on allied health professionals working in stroke;
- in partnership with two other charities, developing a programme of community-based activity for people affected by chest, heart and stroke conditions, to be rolled out across Scotland with Scottish Government support;
- developing our heart failure support service in Highland;
- extending the FAST campaign to the Islands areas, and the chest pain campaign to selected parts of Scotland.

INCOME – how we generate the resources to fund our activities

Our income from all sources rose to a new record level of £7,761,777 for the year to 31 March 2012. This represents an increase of just under £1 million (14%) from the previous year. Even allowing for a one-off gain from the sale of the former Head Office in Edinburgh, income from all other sources still grew by 7.6% - a very creditable achievement in a period of sustained economic difficulty. The Charity is extremely grateful to all of our supporters and donors for their continuing generosity.

As with most medical charities, legacies continue to be an important source of income for CHSS. The total value of bequests received during the year was £3,056,761 - a rise of 15%. After a detailed review of advance intimations of legacies due to be received, the Trustees are reasonably confident of achieving the legacy budget set for the year to 31 March 2013. To help maintain future income from this vital source, during 2011-12 we developed a new range of legacy marketing materials.

Total income from fundraising and retail activity increased by 9.3% over the previous year. Our fundraising activities cover three main areas of activity, which are: -

- Retail and trading (charity shops and Christmas cards)
- Supporter fundraising (events and community support)
- Individual giving (appeals, donations and the Friends of CHSS scheme)

All three areas recorded increases in income generated compared to last year - a significant achievement for all of the staff and volunteers involved.

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REPORT OF THE TRUSTEES
For the year ended 31 March 2012

Our charity shops performed well, bringing in a record total income of £1,486,221 - a 14% increase over the previous year. During 2011-12 we opened four new shops, in Melrose, Banchory, Edinburgh (Stockbridge) and Ballater, with others in the development pipeline. Profits were enhanced substantially by the successful implementation of Gift Aid on shop donations. A net contribution of £29,048 was also received from CHSA Trading Ltd.

Our major events programme - abseils, ladies driving challenges, white water rafting - and 'Happy Feet' walks, runs and cycle rides, continued to attract support from the public throughout Scotland. We reorganised our 'Active Expressions' schools programme, which as well as raising funds, helps us maintain regular contact with younger people and their families. Income from supporter fundraising rose by 4.7%.

We continue to attract support from a wide range of individuals, community organisations, grant-making trusts and businesses across Scotland, for which we are extremely grateful. A particular highlight during the year was the development of a successful partnership with Lifescan (Inverness), who have donated over £100,000 to enable us to develop a heart failure support service in Highland. Income from individual giving as a whole increased by 3.3%.

Income generated from the Charity's patient services from the National Health Service, Local Authorities and the Scottish Government was £1,480,537, reflecting the value placed by statutory agencies on the services provided by the Charity, even in times of severe restraint on public expenditure. In contrast to many other organisations, we have not had to close any patient services as a result of funding cutbacks.

Volunteers

The Charity is grateful for the committed and enthusiastic contribution of volunteers to its services, charity shops and fundraising activities. Our full-time Volunteer Development Manager reports to a Volunteer Development Group, chaired by Dr Douglas Stuart, a member of the Council of CHSS. CHSS was the first major Scottish charity to achieve accreditation through Investors in Volunteering; during 2010 the Charity successfully achieved re-accreditation.

Communication support volunteers drive members to and from groups, help with group activities, and support members at home or patients in hospital. Other dedicated volunteers help run affiliated chest, heart and stroke clubs, support patients affected by heart failure and COPD, assist in CHSS charity shops, help with events and other fundraising activities, and provide administrative support to the Charity. We have initiated a programme of training for enhanced volunteers to enable us to keep group activities and charity shops operating in 'emergency' circumstances, for example as a result of staff illness.

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Across the Charity as a whole during 2011-12, 1,129 volunteers contributed 123,240 hours of service, representing an economic benefit worth, at a conservative estimate, a total of £1,158,285. In May and June 2011, a series of volunteer information days were held in Aberdeen, Edinburgh, Glasgow and Inverness to update local volunteers on the Charity's activities and consult them on future strategy.

KPIs for 2012-13

In November 2009, the Council of the Charity approved a Strategic Plan setting strategic aims and objectives 2010 – 2013. Based on this, the following Key Performance Indicators have been identified against which to measure progress in the year to 31 March 2013: -

- Direct expenditure on research should be maintained at a minimum of £685,000
- A minimum of 70% of total CHSS expenditure should be on charitable services
- CHSS should maintain the level of uncommitted reserves within the range of 9 to 12 months' operating expenditure
- The sickness absence rate across all CHSS activities should be less than 4.0%

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GOVERNANCE – financial, legal and administrative details

Financial review

The Statement of Financial Activities for the year is set out on page 17 of the financial statements. As noted above, the Charity had a successful year in fundraising terms. The Trustees planned to operate at a break-even position for the year to 31 March 2012, but the accounts record a surplus before gains on investment assets of £326,432. After taking into account gains on investment assets, the net positive movement in funds was £495,728 (£45,444 after discounting the gain on sale of the former Head Office in Edinburgh)

Investment policy and returns

In September 2000, the Charity adopted a policy of seeking to achieve the maximum total return on its investments over the medium term. Holdings in cash on short-term investment (up to 12 months) were increased to ensure adequate liquidity for foreseeable circumstances and permit a five-year investment strategy to be adopted. Cash at bank and on short term deposit as at 31 March 2012 stood at £3.521 million.

In March 2003 adjustments were made to the balance of the Charity's portfolio to reduce future risk exposure and benefit from any market upturn. Over the 12 months to 31 March 2012, the market value of the Charity's investments increased by £169,296, reflecting general stock market conditions.

As permitted by the Charity's Memorandum and Articles of Association, the Trustees have given the investment managers (Deutsche Bank) discretion to manage the portfolio within an agreed risk profile. It is the Charity's policy specifically to avoid investment in the tobacco industry.

CHSA Trading Limited

CHSA Trading is a wholly-owned subsidiary of Chest Heart and Stroke Scotland, and carries out non-charitable trading activities on behalf of the Charity, i.e. the sale of CHSS Christmas cards and associated merchandise. As well as contributing to the Charity's funds, CHSS Christmas cards continue to be a valuable means of maintaining supporters' loyalty to the Charity.

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Reserves

The Trustees regularly review the Charity's reserves and as part of the current Strategic Plan, have established a reserves policy. This takes into account a range of factors, including the unpredictability of legacy income, the need to maintain a buffer against an unforeseen reduction in service income, and the ability to respond to unexpected opportunities for service development. The Charity's reserves policy is: -

- to make full provision for research commitments; and
- to maintain the level of net assets (excluding fixed assets) within the range of 9 –12 months' operating expenditure (excluding research grants)

As at 31 March 2012, the level of free reserves (defined as total funds less fixed assets and restricted reserves) stood at £5.024 million. This represented 9.25 months' of budget expenditure for 2012 – 2013 (as defined above). Details of restricted funds are given in Note 16 to the financial statements.

Changes in fixed assets

The movements in fixed assets are set out in Note 8 to the financial statements.

Statement of Trustees' Responsibilities

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

Company and charity law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees 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 group and the parent charity and of the incoming resources and application of resources, including its income and expenditure, of the group for the year.

In preparing those financial statements the Trustees are required to: -

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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The Trustees are responsible for keeping adequate and proper 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 group and parent charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment Scotland Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), and the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are responsible for the maintenance and integrity of the financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Risk management

Since 2002, the Charity has operated a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. During 2011, a short-life working group representing all areas of the Charity's activities, and including the Chairman on behalf of the Trustees, reviewed the detailed methodology used in risk identification and management. The Group reported to the Charity's Council meeting of November 2011, and the Trustees confirmed that: -

- the risk assessment procedure undertaken by management has been satisfactory
- the major risks to which the Charity is exposed have been identified
- suitable action has been taken to mitigate these risks
- responsibility for ongoing risk management should be delegated to the Finance & Audit Committee, with an annual report to Council.

In accordance with this policy, the Charity's Finance & Audit Committee received a full report on risk management at its meeting in March 2012. The subsequent report to the Council (June 2012) identified the major strategic risks facing the Charity and its subsidiary company as: -

- long-term reductions in statutory funding for services
- death or serious injury at a fundraising event
- potential reputational damage arising from a range of potential circumstances
- disruption caused by sustained loss of access to the charity's Head Office.

The Council were satisfied that detailed scenario planning has been undertaken to mitigate the potential impact of each of these risks.

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Auditors

It is the Trustees' assessment that there is no relevant audit information which the auditors have not been made aware of, and they have taken all necessary steps to ensure that the auditors have been made aware of all relevant audit information.

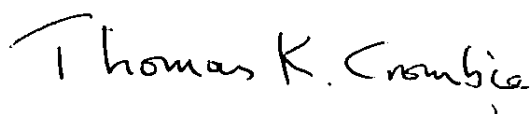
The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 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, and to provide reasonable assurance that: -

- the Charity is operating efficiently and effectively;
- its assets are safeguarded against unauthorized use or disposition;
- proper records are maintained and financial information used within the Charity or for publication is reasonable;
- the Charity complies with relevant laws and regulations

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include: -

- a Strategic Plan and an annual Budget approved by the Trustees
- regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews
- delegation of authority and segregation of duties
- identification and management of risks

Approved by the board and signed on its behalf by



T K Crombie

Date: 24 August 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHEST HEART & STROKE ASSOCIATION SCOTLAND

We have audited the group and parent charity financial statements ("the financial statements") of The Chest, Heart and Stroke Association Scotland for the year ended 31 March 2012 which comprise the consolidated statement of financial activities (incorporating the consolidated income and expenditure account), the consolidated and charity balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with regulations made under section 44 of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's members and trustees 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, the charity's members as a body and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2012 and of the group's 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 Charities and Trustee Investment Scotland Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHEST HEART & STROKE
ASSOCIATION SCOTLAND

Opinion of other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees' for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where regulations made under the Charities and Trustee Investment (Scotland) Act 2005 and where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept in respect of the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements do not accord with accounting records and returns; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



29 August 2011

Martin Gill (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

PKF (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
Edinburgh, UK

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF RECOGNISED GAINS & LOSSES)
for the year ended 31 March 2012

		Unrestricted funds	Restricted funds	Total 2012	Total 2011
	Note	£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary Income					
Legacies		2,879,831	176,950	3,056,781	2,646,876
Donations and gifts		550,164	212,966	763,130	738,809
Retail donations	3	482,007	-	482,007	338,527
Fundraising events		448,033	-	448,033	427,754
		<u>4,360,035</u>	<u>389,916</u>	<u>4,749,951</u>	<u>4,151,966</u>
Activities for generating funds					
Retail sales		1,004,214	-	1,004,214	962,144
Investment income	5	71,595	-	71,595	74,068
Total incoming resources from generated funds		<u>5,435,844</u>	<u>389,916</u>	<u>5,825,760</u>	<u>5,188,178</u>
Incoming resources from charitable activities					
Grants receivable	4	-	1,480,537	1,480,537	1,603,123
Other incoming resources					
Profit on sale of fixed assets	20	455,480	-	455,480	4,833
Total incoming resources		<u>5,891,324</u>	<u>1,870,453</u>	<u>7,761,777</u>	<u>6,796,134</u>
Resources expended					
Costs of generating funds					
Fundraising		987,032	-	987,032	813,872
Retail costs		1,216,843	-	1,216,843	1,009,751
		<u>2,203,875</u>	<u>-</u>	<u>2,203,875</u>	<u>1,823,623</u>
Charitable expenditure					
Community services		1,133,532	682,063	1,815,595	1,744,301
Advice and support		1,177,207	1,047,021	2,224,228	2,002,144
Research grants		482,794	122,878	605,672	871,784
Welfare		408,586	48,485	457,071	376,594
Influencing public policy		95,988	-	95,988	95,810
		<u>3,298,107</u>	<u>1,900,447</u>	<u>5,198,554</u>	<u>5,090,633</u>
Governance costs		32,916	-	32,916	39,144
Total resources expended	6	<u>5,534,898</u>	<u>1,900,447</u>	<u>7,435,345</u>	<u>6,953,400</u>
Net income/expenditure for the year		356,426	(29,994)	326,432	(157,266)
Other recognised gains and losses-gains on investment assets:					
Realised		4,959	-	4,959	(8,592)
Unrealised	10	164,337	-	164,337	249,349
Net movement in funds		<u>525,722</u>	<u>(29,994)</u>	<u>495,728</u>	<u>83,491</u>
Fund balances brought forward at 1 April 2011		4,858,744	335,127	5,193,871	5,110,380
Fund balances carried forward at 31 March 2012	16/17	<u>5,384,466</u>	<u>305,133</u>	<u>5,689,599</u>	<u>5,193,871</u>

All amounts relate to continuing activities.

CONSOLIDATED AND CHARITY BALANCE SHEETS
as at 31 March 2012

		2012	Group 2011	Charity 2012	2011
Note		£	£	£	£
FIXED ASSETS					
Tangible assets	8	195,076	387,466	195,076	387,466
Investments	10	3,633,772	3,479,053	3,633,772	3,479,053
		<u>3,828,848</u>	<u>3,866,519</u>	<u>3,828,848</u>	<u>3,866,519</u>
CURRENT ASSETS					
Stocks	11	4,146	1,562	-	-
Debtors	12	196,411	451,410	196,411	451,410
Cash at bank and in hand		3,603,919	2,589,713	3,521,455	2,527,079
		<u>3,804,476</u>	<u>3,042,685</u>	<u>3,717,866</u>	<u>2,978,489</u>
CREDITORS : amounts falling due within one year					
Research grants	13	641,933	779,501	641,933	779,501
Other creditors	14/15	909,091	565,852	988,231	659,122
		<u>1,551,024</u>	<u>1,345,353</u>	<u>1,630,164</u>	<u>1,438,623</u>
NET CURRENT ASSETS		<u>2,253,452</u>	<u>1,697,332</u>	<u>2,087,702</u>	<u>1,539,866</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,082,300</u>	<u>5,563,851</u>	<u>5,916,550</u>	<u>5,406,385</u>
CREDITORS : amounts falling due after more than one year					
Research grants	13	392,701	369,980	392,701	369,980
NET ASSETS		<u>5,689,599</u>	<u>5,193,871</u>	<u>5,523,849</u>	<u>5,036,405</u>
FUNDS					
Restricted funds	16	305,133	335,127	305,133	335,127
Unrestricted funds - Designated funds	17	14,316	81,600	14,316	81,600
- General funds	17	5,370,150	4,777,144	5,204,400	4,619,678
		<u>5,689,599</u>	<u>5,193,871</u>	<u>5,523,849</u>	<u>5,036,405</u>

The financial statements on pages 17 to 30 were approved and authorised for issue by the Board on 16 August 2012.

T K CROMBIE *Thomas K Crombie* Director

CONSOLIDATED CASHFLOW STATEMENT
for the year ended 31 March 2012

	Note	£	2012 £	£	2011 £
Net inflow from operating activities	1		397,176		(405,288)
Returns on investments and servicing of finance					
Dividends received		43,112		77,602	
Interest received		<u>29,612</u>		<u>5,092</u>	
Net cash inflow from returns on investments and servicing of finance			72,724		82,694
Capital expenditure and financial investment					
Purchase of tangible fixed assets		5,620		(309,729)	
Proceeds from sale of tangible fixed assets		524,109		7,800	
Purchase of investments		(514,222)		(219,411)	
Proceeds from sale of investments		<u>528,799</u>		<u>232,943</u>	
Net cash inflow (outflow) from capital expenditure and financial investment			544,306		(288,397)
Increase/(decrease) in cash	2		<u>1,014,206</u>		<u>(610,991)</u>
Cash at 31 March 2011			2,589,713		3,200,704
Cash at 31 March 2012			<u>3,603,919</u>		<u>2,589,713</u>

Notes to the cashflow statement

1 Reconciliation of changes in resources to net cash inflow from operating activities	2012	2011
	£	£
Net incoming resources	326,432	(157,266)
Profit on sale of fixed assets	(455,480)	(4,833)
Investment income	(71,595)	(74,068)
Depreciation	118,141	136,782
(Increase)/decrease in stock	(2,584)	401
Decrease/(increase) in debtors	253,870	(198,587)
Increase/(decrease) in creditors	228,392	(107,717)
	<u>397,176</u>	<u>(405,288)</u>

2 Analysis of changes in cash during the year

	2012	2011
	£	£
Balance at 1 April 2011	2,589,713	3,200,704
Net inflow/(outflow) during the year	<u>1,014,206</u>	<u>(610,991)</u>
Balance at 31 March 2012	<u>3,603,919</u>	<u>2,589,713</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2012

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in February 2005, the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 and applicable accounting standards. A separate profit and loss account for the parent company has not been prepared as permitted by Section 408 of the Companies Act 2006.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment assets.

Basis of consolidation

Consolidated financial statements have been prepared in respect of the charitable company ("the charity") and its wholly owned subsidiary undertaking, CHSA Trading Limited. The results of the subsidiary are consolidated on a line by line basis. A summary of the trading results of the subsidiary is included at note 3 to the financial statements.

Voluntary income and legacies

Voluntary income received by way of donations and gifts to the charity are included in full in the Statement of Financial Activities when received. Gifts donated for resale are included as income when they are sold. A legacy is regarded as receivable if it is clear that at the accounting date the administrators of the estate had resolved to make payment. Legacies are included when they meet the SORP test of certainty, entitlement and measurement.

Grants receivable

Grants receivable are recognised as incoming resources when the conditions for their receipt have been satisfied. Grants received for specific purposes are accounted for as restricted funds. Any grants restricted to future accounting periods are deferred, and recognised in the periods to which they relate.

Dividends

Dividends are accounted for on an accruals basis.

Resources expended

Expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts. Costs of generating funds include the costs incurred in generating voluntary income, retail trading costs, fundraising event costs, investment management costs and publicity costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities. Charitable activities expenditure enables CHSS to meet its charitable aims and objectives. Governance costs are associated with the governance arrangements of the charity, and relate to the general running of the charity at a strategic level. These costs include preparation of the annual report, audit, professional fees including legal advice for the Trustees and costs associated with meeting constitutional and statutory requirements such as the cost of Trustee meetings. Support costs are those costs which enable fund generating and charitable activities to be undertaken. These costs include finance, personnel, IT and PR. Where expenditure incurred relates to more than one cost category, it is apportioned. The method of apportionment uses the most appropriate basis in each case.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

1 ACCOUNTING POLICIES (continued)

Allocation of overheads

Central overhead costs are allocated to activities on the basis of total direct departmental costs, incurred at each office or shop.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life.

Depreciation is provided at the following rates:

Buildings	2% straight line
Office furniture and equipment	33.33% straight line
Motor vehicles	25% straight line
Computer hardware and software	33.33% straight line
Leasehold improvements	Over the remaining period of the lease

No items costing less than £1,000 are capitalised.

Pension costs

The group operates a defined contribution scheme for certain employees. The assets of the scheme are held separately from those of the group. A charge is made to resources expended in the period in which contributions become payable.

Research grants payable

Research grants are charged to the consolidated financial statements in the year in which the award is made by the charity. The unspent balances of grants awarded are disclosed as current or deferred liabilities in the balance sheet, depending upon when the grant is expected to be disbursed.

Leasing contracts

Instalments on operating lease contracts are charged to the consolidated financial statements when payable. There are no finance lease contracts.

Stocks

Stocks are valued at the lower of cost and net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

1 ACCOUNTING POLICIES (continued)

Investments

Investments are stated at the mid-market value ruling at the balance sheet date. Realised and unrealised gains and losses are reflected in the Statement of Financial Activities, and taken to unrestricted funds. The charity avoids investments in tobacco companies.

Restricted funds

Restricted funds are to be used for specified purposes as laid down, implicitly or explicitly, by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overhead and support costs.

Unrestricted funds

Unrestricted funds comprise donations and other incoming resources received or generated for charitable purposes.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the company and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year other than cash.

Exceptional Items

Exceptional items are disclosed in Note 20 and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Charity. They are material items of income or expenditure that have been shown separately due to the significance of their nature or amount.

2 STATUS OF THE COMPANY

The Chest Heart & Stroke Association Scotland is a registered charity (no. SCO18761) and a company limited by guarantee (no. SC129114) of its members and does not have a share capital. Each member has undertaken to contribute one pound towards any deficit arising in the event of the company being wound up.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

3 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The charity has a wholly owned trading subsidiary, CHSA Trading Limited, which is incorporated in the UK. The company sells cards and gifts and acts as an agent for gift aid on the goods donated to our charity shops. A summary of its trading results is shown below.

Profit and Loss Account

	2012 £	2011 £
Turnover	445,069	282,802
Cost of sales	(365,647)	(230,788)
Gross profit	79,422	52,014
Distribution costs	(36,784)	(19,020)
Administrative expenses	(41,873)	(31,915)
Loss on disposal of fixed assets	-	-
Interest income	124	32
Corporation tax	-	-
Net profit retained	889	1,111

Assets, liabilities and funds:

Assets	173,752	162,998
Liabilities	(37,050)	(27,185)
Total funds	136,702	135,813

Audited financial statements of the subsidiary have been filed with the Registrar of Companies.

By acting as an agent for the charity shops gift aid, the Trading company has enabled the charity to turn £368,967 (2011: £245,960) of clothes sales into gift aided donations. As a result, the charity has been able to claim £92,242 (2011: £69,391) of gift aid. Both the gift aid and the gift aided sales are classified as donations rather than retail. Retail donations also includes £20,798 (2011: £23,176) directly handed into our shops.

The Trading company charged the charity a management fee of £320,085 (2011: £203,607) for fundraising activities. The cost of sales increased by the same amount as the Trading company is charged with a share of the shop costs based on the proportion of gift aid sales to total sales.

4 GRANTS RECEIVABLE

	Deferred Income 2011 £	Amount Received 2012 £	Deferred Income 2012 £	Incoming Resource 2012 £	Incoming Resource 2011 £
Grants receivable from Health Boards, NHS Trusts and Local Authorities	76,326	1,077,983	(30,839)	1,123,470	1,168,273
Scottish Executive Health Directorate	125,000	305,000	(357,083)	72,917	162,000
The Big Lottery Fund	-	59,150	-	59,150	47,850
Souter Foundation	-	225,000	-	225,000	225,000
	201,326	1,667,133	(387,922)	1,480,537	1,603,123

5 INVESTMENT INCOME

	2012 £	2011 £
Income from Quoted Securities	41,983	68,976
Bank interest	29,612	5,092
	71,595	74,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

6 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Other costs £	Support costs £	Total 2012 £	Total 2011 £
Costs of generating funds					
Fundraising	482,837	324,259	179,936	987,032	813,872
Retail costs	592,470	555,744	68,629	1,216,843	1,009,751
	<u>1,075,307</u>	<u>880,003</u>	<u>248,565</u>	<u>2,203,875</u>	<u>1,823,623</u>
Direct charitable expenditure					
Community Services	1,121,792	402,703	291,100	1,815,595	1,744,301
Advice and Support	1,401,555	451,621	371,052	2,224,228	2,002,144
Research grants	35,946	412,850	156,876	605,672	871,784
Welfare	25,403	320,540	111,128	457,071	376,594
Influencing public policy	49,470	27,923	18,595	95,988	95,810
Governance costs	-	32,916	-	32,916	39,144
	<u>2,634,166</u>	<u>1,648,553</u>	<u>948,751</u>	<u>6,231,470</u>	<u>5,129,777</u>
Total resources expended	<u>3,709,473</u>	<u>2,528,556</u>	<u>1,197,316</u>	<u>7,435,345</u>	<u>6,953,400</u>

Governance costs	2012 £	2011 £
Annual report/Strategic plan	16,287	15,227
Trustees expenses	1,423	3,564
Audit	10,760	9,367
Trustees meetings	589	1,191
Professional Fees	3,843	9,780
Companies House	14	15
	<u>32,916</u>	<u>39,144</u>

Support costs by activity

	Staff costs £	Other costs £	Overhead costs £	Total 2012 £	Total 2011 £
Costs of generating funds					
Retail costs	65,120	3,509	-	68,629	40,212
Fundraising	54,323	2,927	122,686	179,936	138,398
	<u>119,443</u>	<u>6,436</u>	<u>122,686</u>	<u>248,565</u>	<u>178,610</u>
Direct charitable expenditure					
Community Services	137,626	13,244	140,230	291,100	264,858
Advice and Support	165,298	40,008	165,746	371,052	287,657
Research grants	11,655	4,513	140,708	156,876	257,651
Welfare	2,857	154	108,117	111,128	104,173
Influencing public policy	8,563	462	9,570	18,595	18,461
	<u>325,999</u>	<u>58,381</u>	<u>564,371</u>	<u>948,751</u>	<u>932,800</u>
Total resources expended	<u>445,442</u>	<u>64,817</u>	<u>687,057</u>	<u>1,197,316</u>	<u>1,111,410</u>

Support costs are allocated to charitable expenditure based on direct salary costs for finance, IT, HR and administration and by time spent for PR. Investment management costs of £12,380 (2011: £11,842) have been included in Fundraising Other costs of £324,259.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

7 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Total	Total
	2012	2011
	£	£
Staff costs		
Wages and salaries	3,660,882	3,487,939
Social security costs	333,945	318,671
Pension costs	162,088	150,666
Exceptional pension costs (note 20)	-	(154,357)
	<u>4,156,915</u>	<u>3,802,919</u>

The average number of full-time equivalent employees during the year, analysed by function, was	2012	2011
	No	No
Charitable activities	86	85
Retail	32	32
Fundraising and publicity	18	18
Management and administration of the charity	15	15
	<u>151</u>	<u>150</u>

Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands	2012	2011
	No	No
Between £60,001 - £70,000	-	1
Between £70,001 - £80,000	1	-
	<u>1</u>	<u>-</u>

The employee earning more than £60,000 participated in the defined contribution pension scheme and employer contributions in the year were £7,253 (2011: £7,150).

No director received any remuneration from the charity, but a total of £1,423 (2011: £3,564) was reimbursed to 7 (2011: 6) directors for expenses incurred on behalf of the charity.

Since 1992 the charity has purchased insurance to protect it from any loss arising from the neglect or default of its directors or other officers and to indemnify the directors or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year was £1,664 (2011: £735) and provides cover up to a maximum of £2 million in any one year.

Total resources expended include:	2012	2011
	£	£
Depreciation: owned fixed assets	118,141	136,782
Auditors' remuneration (including fees and expenses)	9,040	8,377
Auditors' remuneration (in respect of other services provided)	<u>1,720</u>	<u>990</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

8 TANGIBLE FIXED ASSETS

Group & Charity

	Computer Hardware and Software £	Freehold Land & Buildings £	Office Furniture & Equipment £	Motor Vehicles £	Total £
Cost					
At 1 April 2011	40,588	243,918	235,701	191,593	711,800
Additions	2,506	-	(54,575)	46,449	(5,620)
Disposals	-	(118,211)	-	(37,237)	(155,448)
At 31 March 2012	43,094	125,707	181,126	200,805	550,732
Depreciation					
At 1 April 2011	27,060	111,273	78,567	107,434	324,334
Charge for the year	14,364	2,514	60,376	40,887	118,141
Disposals	-	(56,686)	-	(30,133)	(86,819)
At 31 March 2012	41,424	57,101	138,943	118,188	355,656
Net book value					
At 31 March 2012	1,670	68,606	42,183	82,617	195,076
At 31 March 2011	13,528	132,645	157,134	84,159	387,466

The negative addition under Office Furniture and Equipment is due to the Landlord contribution of £61,750 received in July 2011 towards the refit of Rosebery House undertaken in 2010-11. The disposal under Land & Buildings refers to the sale of 65 North Castle Street, Edinburgh.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

9 TAXATION

The company, being a charity, is eligible for exemption from tax under Section 505 Income and Corporation Taxes Act 1988. The charity's trading subsidiary, CHSA Trading Limited gift aids an amount equal to its taxable profit to the Charity each year therefore no tax liability arises. For the year ended 31 March 2012, the amount of gift aid is £29,048 (2011: £21,653).

10 INVESTMENTS

a) Quoted Investments

	2012 £	2011 £
Market value at 31 March 2011	3,479,053	3,251,828
Less : Disposals at opening book value	(523,840)	(241,535)
Add: Acquisitions at cost	514,222	219,411
Net unrealised investment gain for the year	164,337	249,349
Market value at 31 March 2012	<u>3,633,772</u>	<u>3,479,053</u>
Historical cost at 31 March 2012	<u>3,122,280</u>	<u>3,023,743</u>

The portfolio is split as follows:

	2012 £	%	2011 £	%
UK Equity based investments	1,705,781	46.9	1,543,395	44.4
UK Fixed Interest based investments	1,925,623	53.0	1,920,009	55.2
Short term deposits	2,368	0.1	15,649	0.4
	<u>3,633,772</u>	<u>100.0</u>	<u>3,479,053</u>	<u>100.0</u>

The main investments are:

Premier Utilities Zero Div Prf	507,500	14.0	465,500	13.4
Edinburgh New Inc Zero Div Prf	-	-	474,300	13.6
Jupiter Second Split Zero Div Prf	350,000	9.6	186,820	5.4
Hansa Trust	322,000	8.9	370,890	10.7
Daily Mail & Gen Tst Ord	125,625	3.5	155,250	4.5
Midas Inc & Gwth Tst Ord	144,200	4.0	158,550	4.6
Aberdeen Asian Inc Ord	168,300	4.6	-	-
Alliance Trust Ord	478,790	13.2	473,460	13.6
Treasury 2.5% Stock 2020	203,081	5.6	-	-
Treasury 8% Stock 2015	258,667	7.1	253,951	7.3
Temple Bar Investment Trust	248,940	6.9	239,220	6.9
JP Morgan Inc & Cap	606,375	16.7	539,438	15.5
	<u>3,413,478</u>	<u>94.1</u>	<u>3,317,379</u>	<u>95.5</u>

b) Investment in subsidiary undertaking

	£
Cost at 31 March 2011 and 31 March 2012	199,900
Provision at 31 March 2011 and 31 March 2012	<u>(199,900)</u>
Net book value at 31 March 2011 and 31 March 2012	<u>-</u>

Details of the subsidiary undertaking, which is registered in Scotland, at the balance sheet date are as follows:

Name of company and business	Class of Shares	Holding %
CHSA Trading Limited Sales of cards and gifts, and gift aid commission	Ordinary	<u>100</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

11 STOCKS

	Group 2012 £	2011 £	Charity 2012 £	2011 £
Goods held for resale	4,146	1,562	-	-

12 DEBTORS

	Group 2012 £	2011 £	Charity 2012 £	2011 £
Other debtors	44,140	177,056	44,140	177,056
Legacies receivable	58,024	197,882	58,024	197,882
Prepayments and accrued income	94,247	76,472	94,247	76,472
	196,411	451,410	196,411	451,410

13 RESEARCH GRANTS

	Chest £	Heart £	Stroke £	Other costs £	Total £
At 1 April 2011	-	674,353	416,815	58,313	1,149,481
Grants written back during the year	-	(22,222)	-	(1,628)	(23,850)
Grants paid during the year	-	(308,169)	(116,377)	(42,804)	(467,350)
	-	343,962	300,438	13,881	658,281
Grants awarded during the year	-	249,985	126,368	-	376,353
At 31 March 2012	-	593,947	426,806	13,881	1,034,634

Research grants were awarded to the following institutions during the year:

	£
University of Edinburgh	48,285
Glasgow Royal Infirmary	39,927
Western Infirmary, Glasgow	86,441
Queen's Medical Research Institute	48,700
University of Dundee	153,000
	376,353

Details of research awards made each year are published by the Charity. A copy of "Research Awards 2012" is obtainable from Public Relations Director, Chest, Heart & Stroke Scotland, Third Floor, Rosebery House, 9 Haymarket Terrace, Edinburgh, EH1

	Group 2012 £	2011 £	Charity 2012 £	2011 £
Research grants falling due within one year	641,933	779,501	641,933	779,501
Research grants falling due after more than one year	392,701	369,980	392,701	369,980
	1,034,634	1,149,481	1,034,634	1,149,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

14 OTHER CREDITORS falling due within one year

	Group 2012 £	2011 £	Charity 2012 £	2011 £
Trade creditors	26,123	30,961	26,123	30,961
Due to subsidiary undertaking	-	-	87,142	98,802
Tax and social security costs	91,982	-	91,982	-
Other creditors	29,778	20,404	25,046	17,522
Deferred income	404,581	218,958	404,581	218,958
Accruals	356,627	295,529	353,357	292,879
	909,091	565,852	988,231	659,122

The outstanding pension contributions to the defined contribution scheme at 31 March 2012 are £20,045 (2011: £17,521). These costs are included within other creditors.

15 DEFERRED INCOME

	Group 2012 £	2011 £	Charity 2012 £	2011 £
Deferred income at 1 April 2011	218,958	126,792	218,958	126,792
Released during the year	(136,036)	(56,603)	(136,036)	(56,603)
Income deferred in year	321,659	148,769	321,659	148,769
Deferred income at 31 March 2012	404,581	218,958	404,581	218,958

Income is deferred when the charity receives grants or donations for which the conditions of recognition have not yet been met.

16 RESTRICTED FUNDS (Group and Charity)

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

	Balance 31 March 2011 £	Movement in Funds:		Balance 31 March 2012 £
		Incoming Resources £	Expenditure, Gains, Losses & Transfers £	
Community services	-	682,063	(682,063)	-
Research grants	98,164	234,299	(122,878)	209,585
Welfare	-	48,485	(48,485)	-
Advice and Support	236,963	905,606	(1,047,021)	95,548
	335,127	1,870,453	(1,900,447)	305,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2012

17 UNRESTRICTED FUNDS

	Movement in Funds:				Balance 31 March 2012 £
	Balance 31 March 2011 £	Incoming Resources £	Expenditure, Gains & Losses £	Transfers £	
Group	4,858,744	5,891,324	(5,385,602)	-	5,364,466
Charity					
Designated fund RC	34,755	-	(34,755)	-	-
Designated fund CS1	46,845	-	(32,529)	-	14,316
General	4,819,678	5,487,786	(4,883,064)	-	5,204,400
	4,701,278	5,487,786	(4,950,348)	-	5,218,716

Designated fund RC: The Executive Committee approved designated funds of £107,000 for the new post of Respiratory Co-ordinator in 2008-09. In the current year, £42,911 (2011: £39,288) has been spent.

Designated fund CSW: Approval had also been given in 2008-09 for a designated fund of £104,000 for two part time Community Support Workers for the North East and South East of Scotland. In the current year, £32,529 (2011: £33,330) has been spent.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Creditors : amounts falling due after more than one year £	Total £
Restricted funds	-	-	305,133	-	305,133
Unrestricted funds	195,076	3,633,772	1,948,319	(392,701)	5,384,466
	195,076	3,633,772	2,253,452	(392,701)	5,689,599

19 FINANCIAL COMMITMENTS

Operating lease commitments

	Land and buildings	
	2012 £	2011 £
Annual commitments which expire:		
Within one year	81,020	58,800
Within two to five years	99,676	126,820
After five years	132,839	116,339
	313,534	301,959

The charity has entered into a 10 year operating lease at an annual cost of £116,339.

20 EXCEPTIONAL ITEMS

	Exceptional Items	
	2012 £	2011 £
Profit on sale of Fixed Assets (note a)	450,283	-
Pension costs - FRS 17 (note b)	-	154,357
	450,283	154,357

a) There are exceptional incoming resources in 2012 of £450,283 which arose in relation to the disposal of the property at 65 North Castle Street, Edinburgh. The total gain per SOFA is £455,480, the balance of £5,187 being gain on sale of motor vehicles in the year.

b) The prior year exceptional pension costs were for the wind-up of our historic Phoenix Life (formerly Alba Life) pension scheme. On 31 March 2009, £411,563 was accrued for this. £257,206 of this accrual has been utilised against costs incurred in the wind-up, which is now complete. The balance of £154,357 has now been released, reducing the staff costs.

21 RELATED PARTY TRANSACTIONS

During the year research grants of £126,368 (2011: £235,738) were awarded to institutions/research teams in which some of the directors of the Chest, Heart and Stroke Association Scotland are employed.
None of these Directors were involved in the process of scoring, discussing and awarding these grants.
The amount outstanding to such institutions at the year end was £292,487 (2011: £260,598)