



# **Chance to Connect**

**SCIO : SCo46173**

## **Report of the Trustees and Financial Statements For the year ended 31 December 2018**

**Remote Operating Licence : 000-045493-R-324703-001**  
**Non Remote Operating Licence : 000-045493-N-329300-001**



# Chance to Connect

SCIO: SCo46173

## Contents

|   |                |
|---|----------------|
| Administrative Information              | Page 2         |
| Report of the Trustees                  | Pages 3 to 5   |
| Statement of Trustees' Responsibilities | Page 6         |
| Independent Auditors' Report            | Pages 7 to 9   |
| Statement of Financial Activities       | Pages 10 to 11 |
| Balance Sheet                           | Page 12        |
| Statement of cash flows                 | Page 13        |
| Notes to the Financial Statements       | Pages 14 to 18 |

# Chance to Connect

SCIO: SCo46173

## Administrative Information

For the period ended 31 December 2018

Chance to Connect is a Scottish Charitable Incorporated Organisation incorporated in Scotland and is regulated by the Office of the Scottish Charity Regulator (OSCR).

### SCIO registration details

|                           |  |
|---------------------------|--|
| SCIO name:                | Chance to Connect                      |
| SCIO registration number: | SCo46173                               |
| Registration date:        | 4 December 2015                        |
| Principal office:         | c/o 110 Queen Street<br>Glasgow G1 3BX |

### Trustees

The Trustees at any point in the period, up to the date of the approval of the financial statements were:

Hugh Hall  
Ken Barclay  
Kirsteen Campbell

### External lottery manager

STV ELM Limited  
Pacific Quay  
Glasgow G51 1PQ

### Independent auditors

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow G2 7EQ

### Principal bankers

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

### Website

[www.chancetoconnect.co.uk](http://www.chancetoconnect.co.uk)

# Chance to Connect

SCIO: SC046173

## Report of the Trustees

For the period ended 31 December 2018

### Governance, structure and management of Chance to Connect

#### **Governing document**

Chance to Connect is a Scottish Charitable Incorporated Organisation (SCIO) and its activities are governed by its constitution.

#### **Organisational structure**

Membership of the SCIO is open to any person (legal or natural) who, in the view of the Charity Trustees, demonstrates a genuine commitment to further the purposes of the SCIO. Application for membership is approved by the Charity Trustees and the member must also be appointed as a Charity Trustee contemporaneously.

Procedures are in place for newly appointed Trustees to receive an induction covering the objectives, policies and protocols for the operation of the SCIO in addition to the legal obligations and responsibilities of a charity trustee. This induction is overseen by the Chairman of the Board or a nominated representative.

The Board of Trustees have outsourced the operation of its lottery activities to STV ELM Limited, a licensed external lottery manager regulated by the UK Gambling Commission. The charity's lottery activities are conducted in association with partner charities Chance to Study (SC046178), Chance to Succeed (SC046179) and Chance to Flourish (SC046177) and are promoted under the brand of The Scottish Children's Lottery.

STV ELM Limited works with the Board of Trustees and the performance of the lottery activities is reviewed at regular meetings with the Board of Trustees.

#### **Risk management**

The principal risks faced by the charity are reputational and financial.

- UK Gambling Licence conditions

Whilst the responsibly for operating the lottery and ensuring the terms of the licence are adhered to lies with the STV ELM, there is reputational risk to the charity if there are any serious licence breaches which could result in sanctions, financial penalties and revocation of licences. The Board of trustees has oversight to the internal controls that have been put in place by the STV ELM to ensure that the terms of the operating licence are adhered to.

- Financial risk

If the lottery was unsuccessful, the charity would have a financial liability to STV ELM and the continued existence of the charity would be in doubt. The STV ELM are projecting that at the current ticket sales rate that the charity would be able to settle its debt to STV by 2022. This risk is monitored and managed in part through the charity's business plan. The Board of Trustees are kept up-to-date with the performance of lottery with regular reports and updates at the quarterly meetings.

The Board of Trustees regularly evaluates the risks to which the charity is exposed and the systems in place to manage them. The Board of Trustees consider that the systems in place are adequate to manage the risks faced by Chance to Connect.

### Objectives, activities and achievements of Chance to Connect

#### **Charitable objectives**

The charitable objectives of Chance to Connect as set out in its constitution are to support and promote (through financial distributions to charities, community groups and others) community development and citizenship. In doing so the financial distributions will seek to alleviate the impact of poverty, financial hardship, disability, illness or socio-economic disadvantage, with the aim of ensuring that all young people in Scotland have the opportunity of a productive future where they can become young adults with a positive contribution to make to society.

To achieve those objectives, the primary activities of Chance to Connect are:

- To generate funds through the operation of a society lottery which is regulated by the Gambling Commission under licence 000-045493-R-324703-001. Chance to Connect has engaged STV ELM Limited (which operates under the brand name, the Scottish Children's Lottery) as its external lottery manager.
- To distribute the net funds generated by the society lottery to charities and other organisations which engage in activities aligned with Chance to Connect's charitable objectives as outlined above.

#### **Activities**

We're proud of who we are. It's our mission to help young people across Scotland be able to say exactly the same.

# Chance to Connect

SCIO: SCo46173

## Report of the Trustees

For the period ended 31 December 2018

### Activities (cont'd)

Chance to Connect has been set up with the primary objective of educating Scottish children about citizenship and developing their communities. It's our mission to ensure that those at a disadvantage early in life – whether through financial hardship, ill health or disability – feel a sense of belonging.

Whether it's through the provision of new facilities, organising a local sports day, or simply introducing people to one another, Chance to Connect – in partnership with the Scottish Children's Lottery - aims to build these vital links through its work across the country.

### Achievements

In 2018, Chance to Connect, made 37 awards to charities across Scotland. These projects are detailed in note 13. The total value of the grants awarded in 2018 was £545,901 (2017: £202,055).

4,873 families were directly supported through grants which reached 21,111 young people through innovative community projects.

### Projects supported by Chance to Connect

The following are some of the projects supported by Chance to Connect in 2018.

#### Hearts and Minds

Edinburgh based charity **Hearts & Minds** was awarded **£12,720** grant from the Scottish Children's Lottery. The funding supports the charity's specialist arts-in-health programme, **Clowndoctors**, which operates in hospitals, hospices and schools for children with additional complex support needs across Scotland. The Clowndoctors use therapeutic clowning to make a genuine connection with children and young people living with challenging health conditions who feel isolated, powerless or anxious and who have lost their place in the carefree, playful world that every child should have the right to enjoy. Spending time with the Clowndoctors relieves stress or anxiety, as well as giving parents moments of relaxation and supporting the work of the healthcare and teaching staff.

#### Belville Community Garden Trust

Belville Community Garden Trust in Greenock was awarded a **£24,000** grant from the Scottish Children's Lottery. Belville Community Garden Trust in Greenock was created in 2014 on a patch of derelict land after years of campaigning from residents. The space is now an open access urban growing space, with the charity teaching food growing skills, cookery and construction to young people from disadvantaged backgrounds who have been excluded or don't fit into mainstream schooling, acting as a first stepping stone to employability. The grant from the STV Children's Lottery allows Belville Community Garden Trust to continue its work with long term placements, as well as working with Greenock's Lomond View Academy to refurbish its polytunnel and create an exciting outdoor growing space.

### Measuring success

The evaluation of our investments is essential to ensure that maximum benefit can be derived from the funding we provide.

In the case of larger awards, each project's impact is measured against agreed target outcomes and will typically be required to be reviewed. In recognition that the smaller projects have limited resources, the reporting requirements upon them are less onerous though still necessary to ensure objectives are met.

### Future plans

It is the aim of Chance to Connect to continue to invest in projects and activities which are focused on working in the areas of community development and citizenship, giving young people in Scotland to live in a safe, supportive and stimulating community. Chance to Connect will maintain this as a focus in the foreseeable future.

# Chance to Connect

SCIO: SCo46173

## Report of the Trustees

For the period ended 31 December 2018

### Financial review of Chance to Connect

The charity is in a net liability position at the end of the year. STV ELM have provided working capital support during the launch and initial operating stage of the Scottish Children's Lottery and have provided a letter of comfort to that effect. The trustees have also conducted extensive financial modelling and market research and are comfortable in the long term viability of the lottery. On this basis the trustees are comfortable that the financial statements have been prepared on a going concern basis.

Chance to Connect's activities in the year to 31 December 2018 generated total incoming resources of £1,741,809 (2017: £1,092,691) through the net proceeds of the Scottish Children's Lottery. The operating costs and grants awarded for the year are £2,010,048 (2017: £1,802,570) and lottery gaming prizes paid are £606,061 (2017: £442,552) resulting in a deficit of £874,300 (2017: £1,152,430).

As a key partner, STV ELM Limited has supported the initial setup costs and working capital requirements of Chance to Connect and the Scottish Children's Lottery by providing flexible, extended credit terms on the services it provides. These costs (which contribute to the above deficit for the year) will be repaid to STV ELM Limited as the volume of ticket sales increases over the coming months. STV will continue to provide ongoing support and will not seek settlement of its debtors balance due from Chance to Connect during 2019 to the extent that this would cause the entity to become unable to continue as a going concern.

A reserve of funds has been retained by Chance to Connect so that it can meet its obligations (as a charity and under its gambling licence) to provide support to charities and projects which seek to help educating Scottish children about citizenship and developing their communities.

### **Income**

30% of all Lottery ticket sales are restricted to be made available for awards to good causes. Of the remaining proceeds from ticket sales an average of 35% covers prizes and the rest is used to cover Chance to Connect's share of the operating costs of the Scottish Children's Lottery and general administrative costs of the charity.

### **Reserves**

The reserves of the charity at 31 December 2018 were a deficit of £2,439,340 (2017: deficit of £1,565,040) of which £2,554,623 (2017: £1,703,682) were unrestricted. These unrestricted funds in deficit are as a result of the lottery being in the growth stage and at this point operating costs are exceeding income. Restricted funds were in a surplus position as at 31 December 2018. During this period funding requirements have been supported by the STV ELM Limited. When the charity's reserves are in a surplus the trustees would expect to hold adequate unrestricted reserves in order to settle commitments to the STV ELM for services provided.

The trustees of Chance to Connect strive to keep reserves to a minimum but ensure that the charity's restricted funds are at a level that enables the charity to meet its funding commitments to charitable objectives.

Chance to Connect's reserves policy is monitored and reviewed by the trustees on an annual basis in order to maintain reserves at the agreed minimum level.

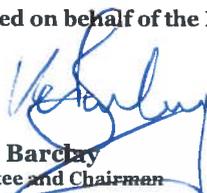
#### **1. Ring-fenced funds for charitable contributions**

As required under the provisions of its gambling licence, Chance to Connect must retain a minimum of 20% of the value of ticket sales of any given lottery draw for distribution to good causes in accordance with its charitable objectives. Where, at the year end, not all funds have been committed, the Trustees shall endeavour to identify and evaluate suitable projects to which surplus funds may be awarded.

#### **2. Total Funds of the Charity**

Where total funds of the charity as reflected in the balance sheet are reserved, Chance to Connect will strive to award all available cash funds to charitable projects and therefore to minimise reserves. Where not all funds have been committed, the Trustees shall endeavour to identify and evaluate suitable projects to which surplus funds that are reserved, may be awarded

Signed on behalf of the Board of Trustees



**Ken Barclay**  
Trustee and Chairman

Date: 05.09.19

## **Chance to Connect**

SCIO: SC046173

### **Statement of Trustees' Responsibilities**

**For the period ended 31 December 2018**

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

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, 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 business.

The trustees are responsible for keeping proper accounting records that 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 Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. 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.

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

## Chance to Connect

SCIO: SC046173

# *Independent auditors' report to the trustees of Chance to Connect*

## Report on the audit of the financial statements

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### Opinion

In our opinion, Chance to Connect's financial statements (the "financial statements"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2018 and of its incoming resources and application of resources, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements, included within the Report of the Trustees and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of financial activities, the statement of cash flows for the year then ended and the notes to the financial statements.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the charity's trade, customers, suppliers and the wider economy.

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### Reporting on other information

The other information comprises all of the information in the Report of the Trustees and Financial Statements other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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

## Chance to Connect

SCIO: SCo46173

# *Independent auditors' report to the trustees of Chance to Connect (continued)*

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### Reporting on other information (continued)

audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Trustees' Report*

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

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### Responsibilities for the financial statements and the audit

#### *Responsibilities of the trustees for the financial statements*

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditors' responsibilities for the audit of the financial statements*

We are eligible to act and have been appointed under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under that Act (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended)) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

### Charities Accounts (Scotland) Regulations 2006 (as amended) exception reporting

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns

**Chance to Connect**

SCIO: SCo46173

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
5 September 2019

# Chance to Connect

SCIO : SC046173

## Statement of Financial Activities For the year ended 31 December 2018

|  |              | <b>Unrestricted</b> | <b>Restricted</b> | <b>2018</b>        |
|--|--------------|---------------------|-------------------|--------------------|
|  | <i>Notes</i> | <b>Funds</b>        | <b>Funds</b>      | <b>Total</b>       |
|  |              | <b>£</b>            | <b>£</b>          | <b>Funds</b>       |
|  |              |                     |                   | <b>£</b>           |
| <b>Income and endowments</b>                     |              |                     |                   |                    |
| Other Trading Activities:                        |              |                     |                   |                    |
| Lottery Gaming Proceeds                          | 2            | 1,219,267           | 522,543           | 1,741,810          |
| <b>Total income and endowments</b>               |              | <b>1,219,267</b>    | <b>522,543</b>    | <b>1,741,810</b>   |
| <b>Expenditure</b>                               |              |                     |                   |                    |
| Expenditure on Raising Funds                     | 3            | (2,064,233)         | -                 | (2,064,233)        |
| Expenditure on charitable activities:            |              |                     |                   |                    |
| Awards to charitable causes                      |              | -                   | (545,901)         | (545,901)          |
| Other  | 3            | (7,458)             | -                 | (7,458)            |
| <b>Total expenditure</b>                         | 3            | <b>(2,071,691)</b>  | <b>(545,901)</b>  | <b>(2,617,592)</b> |
| <b>Net expenditure and net movement in funds</b> |              | <b>(852,424)</b>    | <b>(23,358)</b>   | <b>(875,782)</b>   |
| <b>Reconciliation of funds</b>                   |              |                     |                   |                    |
| <b>Total Funds brought forward</b>               |              | <b>(1,703,682)</b>  | <b>138,642</b>    | <b>(1,565,040)</b> |
| <b>Total Funds carried forward</b>               | 9            | <b>(2,556,106)</b>  | <b>115,284</b>    | <b>(2,440,822)</b> |

The charity has no recognised gains and losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.

# Chance to Connect

SCIO : SC046173

## Statement of Financial Activities

For the year ended 31 December 2017

|  | Notes | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2017<br>Total<br>Funds<br>£ |
|--|-------|----------------------------|--------------------------|-----------------------------|
| <b>Income and endowments</b>   |       |                            |                          |                             |
| Other Trading Activities:<br>Lottery Gaming Proceeds                 | 2     | 764,884                    | 327,807                  | 1,092,691                   |
| <b>Total income and endowments</b>                                   |       | <b>764,884</b>             | <b>327,807</b>           | <b>1,092,691</b>            |
| <b>Expenditure</b>   |       |                            |                          |                             |
| Expenditure on Raising Funds   | 3     | (2,034,517)                | -                        | (2,034,517)                 |
| Expenditure on charitable activities:<br>Awards to charitable causes |       | -                          | (202,055)                | (202,055)                   |
| Other  | 3     | (8,550)                    | -                        | (8,550)                     |
| <b>Total expenditure</b>   | 3     | <b>(2,043,067)</b>         | <b>(202,055)</b>         | <b>(2,245,122)</b>          |
| <b>Net (expenditure)/income and net movement in funds</b>            |       | <b>(1,278,183)</b>         | <b>125,752</b>           | <b>(1,152,431)</b>          |
| <b>Reconciliation of funds</b>                                       |       |                            |                          |                             |
| <b>Total Funds brought forward</b>                                   |       | <b>(425,499)</b>           | <b>12,890</b>            | <b>(412,609)</b>            |
| <b>Total Funds carried forward</b>                                   | 9     | <b>(1,703,682)</b>         | <b>138,642</b>           | <b>(1,565,040)</b>          |

The charity has no recognised gains and losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.

# Chance to Connect

SCIO : SCo46173

## Balance Sheet

As at 31 December 2018

|  | Note | 2018<br>£          | 2017<br>£          |
|--|------|--------------------|--------------------|
| <b>Current assets</b>                          |      |                    |                    |
| Cash at bank and in hand                       | 7    | 173,996            | 186,001            |
| <b>Total current assets</b>                    |      | <b>173,996</b>     | <b>186,001</b>     |
| <b>Liabilities</b>                             |      |                    |                    |
| Creditors: amounts falling due within one year | 8    | (2,614,819)        | (1,751,041)        |
| <b>Net assets</b>                              |      | <b>(2,440,823)</b> | <b>(1,565,040)</b> |
| <b>The funds of the charity</b>                |      |                    |                    |
| Unrestricted funds                             |      | (2,556,106)        | (1,703,682)        |
| Restricted income funds                        |      | 115,283            | 138,642            |
| <b>Total charity funds</b>                     | 9    | <b>(2,440,823)</b> | <b>(1,565,040)</b> |

The Financial Statements were approved by the Board of Trustees on 5.9.2019 and signed on their behalf by Ken Barclay:



# Chance to Connect

SCIO : SCo46173

## Statement of cash flows

For the year ended 31 December 2018

|   | 2018      | 2017        |
|---|-----------|-------------|
|   | £         | £           |
| Cash flows from operating activities:   |           |             |
| Net expenditure for the reporting period (as per the statement of financial activities) | (875,783) | (1,152,431) |
| <b>Adjustment for:</b>  |           |             |
| Increase in Creditors   | 863,778   | 1,308,102   |
| Net cash (used in)/ provided by operating activities                                    | (12,005)  | 155,671     |
| Change in cash and cash equivalents in the reporting period                             | (12,005)  | 155,671     |
| Cash and cash equivalents at the beginning of the reporting period                      | 186,001   | 30,330      |
| Cash and cash equivalents at the end of the reporting period                            | 173,996   | 186,001     |

# Chance to Connect

SCIO : SC046173

## Notes to the Financial Statements

For the year ended 31 December 2018

### 1 Accounting policies

#### Statement of Compliance

The financial statements have been prepared on a going concern basis under the historical cost convention and the requirements of the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued May 2014. Chance to Connect is a public benefit entity.

#### Going Concern

Financial statements have been prepared on a going concern basis. STV ELM have provided working capital support during the launch and initial operating stage of the Scottish Children's Lottery and have provided a letter of comfort to that effect. The trustees have also conducted extensive financial modelling and market research and are comfortable in the long term viability of the lottery. STV will continue to provide financial support to Chance to Connect and will not seek settlement of its debtors balance during 2019 to ensure that the entity continues to operate as a going concern.

#### Accounting Period

The financial reports are for the 12 month period to 31 December 2018.

#### Fund accounting

Unrestricted funds may be used in accordance with the charitable objectives of Chance to Connect and at the discretion of the Trustees.

Restricted funds can only be used for specific purposes within the objectives of Chance to Connect.

Restrictions arise where specified by a donor or where funds are raised for a particular restricted purpose.

Surplus funds may be retained to finance fundraising activities in subsequent years or be used, subject to the charitable objectives of Chance to Connect, for additional charitable activities not specifically identified by the Trustees at the year end.

#### Incoming resources

Income is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income generated from the sale of lottery tickets and online gaming is recognised before deduction of prizes and operating costs.

#### Irrecoverable VAT

Irrecoverable VAT is charged to the statement of financial activities where appropriate.

#### Recognition of financial assets and liabilities

Assets and liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events. They are released when the obligation is fulfilled. Cash, debtors and creditors are held at cost.

#### Resources expended

Expenditure is accounted for on an accruals basis.

#### Taxation

Chance to Connect is exempt from corporation tax on its charitable activities.

# Chance to Connect

SCIO : SCo46173

## Notes to the Financial Statements

For the year ended 31 December 2018

### 2 Other Trading Activities

#### Income and endowments

|                  | 2018             |                |                  | 2017           |                |                  |
|------------------|------------------|----------------|------------------|----------------|----------------|------------------|
|                  | Unrestricted     | Restricted     | Total            | Unrestricted   | Restricted     | Total            |
|                  | Funds            | Funds          | Funds            | Funds          | Funds          | Funds            |
|                  | £                | £              | £                | £              | £              | £                |
| Lottery proceeds | 1,104,795        | 473,484        | 1,578,279        | 659,391        | 282,596        | 941,987          |
| Gaming proceeds  | 114,471          | 49,059         | 163,530          | 105,493        | 45,211         | 150,704          |
|                  | <b>1,219,266</b> | <b>522,543</b> | <b>1,741,809</b> | <b>764,884</b> | <b>327,807</b> | <b>1,092,691</b> |

|                     | 2018           |                |                  | 2017           |                |                |
|---------------------|----------------|----------------|------------------|----------------|----------------|----------------|
|                     | Unrestricted   | Restricted     | Total            | Unrestricted   | Restricted     | Total          |
|                     | Funds          | Funds          | Funds            | Funds          | Funds          | Funds          |
|                     | £              | £              | £                | £              | £              | £              |
| Lottery proceeds    | 1,104,795      | 473,484        | 1,578,279        | 659,391        | 282,596        | 941,987        |
| Lottery prizes paid | (507,928)      | -              | (507,928)        | (349,445)      | -              | (349,445)      |
| Gaming proceeds     | 114,471        | 49,059         | 163,530          | 105,493        | 45,211         | 150,704        |
| Gaming prizes paid  | (98,133)       | -              | (98,133)         | (93,107)       | -              | (93,107)       |
|                     | <b>613,205</b> | <b>522,543</b> | <b>1,135,748</b> | <b>322,332</b> | <b>327,807</b> | <b>650,139</b> |

### 3 Expenditure

|   | Fundraising      | Charitable     | 2018             | Fundraising      | Charitable     | 2017             |
|---|------------------|----------------|------------------|------------------|----------------|------------------|
|   | Activities       | Activities     | Total            | Activities       | Activities     | Total            |
|   | £                | £              | £                | £                | £              | £                |
| Expenditure on raising funds:                     |                  |                |                  |                  |                |                  |
| Lottery operating costs                           | 643,689          | -              | 643,689          | 593,350          | -              | 593,350          |
| Lottery prizes                                    | 507,928          | -              | 507,928          | 349,445          | -              | 349,445          |
| Gaming operating costs                            | 33,879           | -              | 33,879           | 31,229           | -              | 31,229           |
| Gaming prizes                                     | 98,133           | -              | 98,133           | 93,107           | -              | 93,107           |
| Marketing costs                                   | 780,604          | -              | 780,604          | 967,386          | -              | 967,386          |
| Expenditure on charitable activities:             |                  |                |                  |                  |                |                  |
| Awards to charitable causes                       | -                | 545,901        | 545,901          | -                | 202,055        | 202,055          |
| Governance costs: audit and tax advisory services | -                | 7,416          | 7,416            | -                | 8,400          | 8,400            |
| Other - administration costs                      | 42               | -              | 42               | 150              | -              | 150              |
|   | <b>2,064,275</b> | <b>553,317</b> | <b>2,617,592</b> | <b>2,034,667</b> | <b>210,455</b> | <b>2,245,122</b> |

### 4 Employees

Chance to Connect had no employees during the period. The services of individuals were obtained from STV ELM and invoiced to the charity. The monthly average number of full time employees working for the charity but employed and paid by STV ELM during the period was 9 (2017: 7)

The table below shows the total costs for staff working for the charity but employed and paid by STV ELM

|                       | 2018           | 2017           |
|-----------------------|----------------|----------------|
|                       | £              | £              |
| Wages and salaries    | 106,717        | 99,740         |
| Social Security Costs | 12,182         | 12,074         |
| Other pension costs   | 3,077          | 4,087          |
| Total staff costs     | <b>121,976</b> | <b>115,901</b> |

No (2017: nil) employees received total benefits (excluding employer pension costs) of more than £60,000 in the current period.

### 5 Trustees' remuneration and benefits

The Trustees of Chance to Connect received no remuneration, benefits or expenses during the period.

# Chance to Connect

SCIO : SCo46173

## Notes to the Financial Statements

For the year ended 31 December 2018

### 6 Governance costs

|            | 2018<br>£ | 2017<br>£ |
|------------|-----------|-----------|
| Audit fees | 6,180     | 6,000     |

### 7 Cash at bank and in hand

|                  | 2018<br>£ | 2017<br>£ |
|------------------|-----------|-----------|
| Proceeds account | 43,109    | 44,157    |
| Charity account  | 130,886   | 141,844   |
|                  | 173,995   | 186,001   |

### 8 Creditors: amounts falling due within one year

|                                    | 2018<br>£ | 2017<br>£ |
|------------------------------------|-----------|-----------|
| Commitments to charitable projects | 5,462     | -         |
| STV ELM Limited                    | 2,588,741 | 1,737,841 |
| Sundry creditors - accruals        | 20,616    | 13,200    |
|                                    | 2,614,819 | 1,751,041 |

# Chance to Connect

SCIO : SC046173

## Notes to the Financial Statements

For the year ended 31 December 2018

### 9 Movement in funds

|                                  | Unrestricted Funds<br>£ | Restricted Funds<br>£ | 2018<br>£   | Unrestricted Funds<br>£ | Restricted Funds<br>£ | 2017<br>£   |
|----------------------------------|-------------------------|-----------------------|-------------|-------------------------|-----------------------|-------------|
| Balance of funds brought forward | (1,703,682)             | 138,642               | (1,565,040) | (425,499)               | 12,890                | (412,609)   |
| Incoming resources               | 1,219,267               | 522,543               | 1,741,810   | 764,884                 | 327,807               | 1,092,691   |
| Resources expended               | (2,071,691)             | (545,901)             | (2,617,592) | (2,043,067)             | (202,055)             | (2,245,122) |
| Balance of funds carried forward | (2,556,106)             | 115,284               | (2,440,822) | (1,703,682)             | 138,642               | (1,565,040) |

### 10 Analysis of net assets between funds

|                    | Current Assets<br>£ | Current Liabilities<br>£ | 2018<br>Total Net Assets<br>£ | Current Assets<br>£ | Current Liabilities<br>£ | 2017<br>Total Net Assets<br>£ |
|--------------------|---------------------|--------------------------|-------------------------------|---------------------|--------------------------|-------------------------------|
| Unrestricted Funds | 43,109              | (2,599,216)              | (2,556,107)                   | 44,157              | (1,747,839)              | (1,703,682)                   |
| Restricted Funds   | 130,886             | (15,602)                 | 115,284                       | 141,844             | (3,202)                  | 138,642                       |
|                    | 173,995             | (2,614,819)              | 2,440,824                     | 186,001             | (1,751,041)              | (1,565,040)                   |

Restricted funds are retained from lottery ticket sales and reserved solely for awards to good causes in accordance with the charitable objectives of Chance to Connect.

Unrestricted funds are funds available to cover operating costs and any other use subject to the charitable objectives as set out in the constitution of Chance to Connect.

### 11 Related party transactions

The STV ELM Limited is considered to be the only related party with related party transactions. All transactions with this organisation are reflected within the financial statements and annual report.

These transactions can be represented as:

|                         | 2018<br>£   | 2017<br>£   |
|-------------------------|-------------|-------------|
| Operating costs         |             |             |
| Lottery operating costs | (643,689)   | (593,350)   |
| Gaming operating costs  | (33,879)    | (31,229)    |
| Marketing costs         | (780,604)   | (967,386)   |
| STV ELM Limited         | (1,458,172) | (1,591,965) |

A balance of £2,588,741 (2017: £1,737,841) was payable to the STV ELM as at 31 December 2018.

STV ELM provides management services to the charity which include;

Marketing - advertising, player management and promotions services  
 Technology - facilitation of ticket sales and player account management  
 Compliance - product compliance, risk management and reporting services  
 Financial management and accounting, including payment processing and banking services  
 Operations management including Customer service and management of all 3rd party suppliers

### 12 Contingent Liability

The STV ELM incurred costs to set up the lottery. Chance to Connect's portion of these costs is £796,996. In terms of the Agreement between the charity and STV ELM the liability of Chance to Connect for set up costs shall accrue on receipt of each invoice. Chance to Connect shall be obliged to make payment of its accrued liabilities for set up costs by applying in full the amount of any surplus until all accrued liabilities are settled. If no surplus is generated Chance to Connect will not be required to make any payments in respect of set up costs.

Set up costs are invoiced on a weekly basis over a period of 39 months from the launch of the lottery.

# Chance to Connect

SCIO : SCo46173

## Notes to the Financial Statements

For the year ended 31 December 2018

### 13 Organisations supported by Chance to Connect

|   | 2018<br>£      |
|---|----------------|
| 33rd Ayrshire Scout Group               | 2,890          |
| 46th Fife Scout Group                   | 2,500          |
| Arran Youth Foundations                 | 19,750         |
| Avoch Amenities Association             | 20,000         |
| Barnardo's Scotland                     | 10,060         |
| Belville Community Garden Trust         | 24,000         |
| Bobath Scotland                         | 12,305         |
| Cambelton Sea Cadets Groups             | 2,500          |
| Checkin Works                           | 18,500         |
| Colston Milton Parish Church            | 15,000         |
| Cove and Kilcreggan Youth Café          | 13,500         |
| Crossroads Youth & Community            | 22,115         |
| Eildon West Youth Hub - TD1 Youth HUB   | 13,708         |
| Friends of Seaview                      | 12,000         |
| Frickheim Community Hub Ltd             | 12,480         |
| Gorbals Youth Run Drop in Café          | 12,114         |
| Gorgie City Farm                        | 44,853         |
| Granton Youth Centre                    | 8,640          |
| Heart & Minds                           | 12,720         |
| I Am Me Scotland                        | 25,000         |
| Islay & Jura Community                  | 5,800          |
| Leith Rugby Youth Development           | 3,285          |
| Methil & District Sea Cadets            | 4,358          |
| Orwell Girl Guiding                     | 1,758          |
| Parkhead Youth Project                  | 2,000          |
| Scottish Spina Bifida Association       | 3,462          |
| Simon Community Scotland                | 16,306         |
| STAR Project                            | 19,000         |
| Strathmore Centre for Youth Development | 23,315         |
| Team Jak Foundation                     | 19,000         |
| The Butterfly Club                      | 24,700         |
| The Yard                                | 31,022         |
| Tweeddale Youth Action                  | 12,109         |
| TYKES                                   | 28,800         |
| Watermill Foundation Ltd                | 9,200          |
| Wester Hailes Youth Agency              | 19,306         |
| YoMo (Glasgow)                          | 17,845         |
| Total grants                            | <u>545,901</u> |

All grants paid in the year were made to institutions.

