



Chance to Flourish

SCIO : SC046177

Report of the Trustees and Financial Statements

For the year ended 31December 2020

Remote Operating Licence :	000-045496-R-324704-001
Non Remote Operating Licence:	ooo-045496-N-329301-001



Chance to Flourish

SCIO: SC046177

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Chance to Flourish

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Administrative Information

For the year ended 31 December 2020

Chance to Flourish 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 Flourish
SCIO registration number:	SC046177
Registration date:	4 December 2015
Principal office:	c/o 110 Queen Street 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
Vicki Miller

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.chancetoflourish.co.uk



Chance to Flourish

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Report of the Trustees

For the year ended 31 December 2020

Governance, structure and management of Chance to Flourish

Governing document

Chance to Flourish 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 Connect (SC046173), Chance to Succeed (SC046179) and Chance to Study (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 responsibility for operating the lottery and ensuring the terms of the licence are adhered to lies with the external lottery manager, 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 external lottery manager to ensure that the terms of the operating licence are adhered to.

- Financial risk

Under the arrangements existing at the balance sheet date, if the lottery was unsuccessful, the charity would have a financial liability to STV ELM Limited and the continued existence of the charity would be in doubt. Through the year, this risk was monitored and managed in part through the charity's business plan, and through receipt of a letter of support from STV Group plc, the ultimate parent company of the STV ELM Limited. Subsequent to year-end, as explained on pages 4 and 5, there was a change in the ownership of the external lottery manager. The arrangements for meeting costs and providing working capital are now such that the net asset position of the charity will be maintained.

- COVID-19

The STV ELM team has been working from home since March 2020 and will continue to do so throughout most of 2021. Whilst lockdown has had an impact on retail sales with less customers entering shops on a regular basis this is a relatively small proportion of ticket sales. The vast majority of Lottery ticket sales are online and the SCIO's cash outflows are largely driven by the level of income received, accordingly the impact of COVID-19 on the liquidity position has not been as significant for Chance to Flourish as for many other organisations.

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 Flourish.

Charitable objectives

The charitable objectives of Chance to Flourish as set out in its constitution are to support and promote (through financial distributions to charities, community groups and others) early years intervention through education, improvement of health and social development of pre-school children and their families/carers. 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 relieve

- To generate funds through the operation of a society lottery which is regulated by the Gambling Commission under licence 000-045496-R-324704-001. Chance to Flourish has engaged STV ELM Limited (who operate under the brand name, the Scottish Children's Lottery) as its external lottery manager. This was the case in the year but changed after year end as described later in this report.
- To distribute the net funds generated by the society lottery to charities and other organisations which engage in activities aligned with Chance to Flourish's charitable objectives as outlined above.

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Report of the Trustees

For the year ended 31 December 2020

Activities

Over 220,000 children in Scotland struggle daily with the effects of poverty - whether that's being hungry, being cold, or having no home of their own.

We know we can't change that by ourselves, but what we can do is help.

Chance to Flourish is driven by a desire to make a real difference to the lives of vulnerable children across Scotland. Through our work with charities and communities, and through the grants we distribute, it's our mission to invest in projects that provide effective early years intervention for those in need.

We believe that no baby born into poverty should be left behind. With our help, the detrimental effects that hunger, cold and illness have on a child's development can be reduced.

Achievements

In 2020, Chance to Flourish, made 19 awards to charities all over Scotland, supporting over 3,000 families, through innovative projects working with pre-school children. These projects are detailed in note 13. The total value of the grants awarded in 2020 was £297,151 (2019: £371,532).

Projects supported by Chance to Flourish

The following are some of the projects supported by Chance to Flourish in 2020.

Barnardo's

Barnardo's received the sum of £16,000 from Chance to Flourish in August 2020. This grant was used to pay for salary costs of a Part-Time Financial Inclusion Worker working 2.5 days a week. This was part of a Nurture project, to support vulnerable and disadvantaged early year's families in Inverclyde supporting nearly 300 families a year, providing emotional and practical support to ensure the best possible start in life for children.

Family Support Unit (Circle)

Family Support Unit (Circle) received the sum of £20,000 in August 2020. Again the money was used for salary costs, this time for an outreach worker who will support the parents in the family home, families who face exclusion due to social injustice, poverty and health inequalities. Outreach will focus on practical areas for support including benefits, food, clothing and housing issues alongside activities that build parenting capacity. The aim is that families will be supported into community based groups and resources to reduce isolation, build peer networks and increase confidence and resilience.

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

STV Group plc, the ultimate parent company of the STV ELM Limited, has indicated an intention to dispose of STV ELM. In the intervening period it remains the aim of Chance to Flourish 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 Flourish will maintain this as a focus within the current ownership structure. There is no intention for the aims of the organisation to change post disposal.

Going Concern

The Trustees of Chance to Flourish (the "SCIO") have prepared the financial statements on a basis of going concern for the year ending 31 December 2020, while acknowledging that the SCIO is in a net liability position as at the year-end.

During the year STV Group PLC, the ultimate parent of STV ELM, the External Lottery Manager of the SCIO, publicly communicated their intention to dispose of the STV ELM and the associated SCIOs.

As set out in note 14, the sale to MBC Lotteries Limited was finalised in August 2021. On completion of the sale, all balances due from the SCIO to STV Group PLC were formally forgiven. This debt forgiveness moved the SCIO into a net asset position. Additionally, £400,000 of working capital was provided by the new owners at the point of completion. Under the new management structure, charges for the costs of operation of the lottery will be recouped from available lottery proceeds rather than accruing as liabilities within the SCIO going forward, ensuring the net asset position is maintained.



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Report of the Trustees

For the year ended 31 December 2020

The Trustees have also considered future budgets and forecasts of the SCIO itself. Following consideration of the above factors, the Trustees deem it appropriate to prepare the financial statements on a basis of going concern.

Events subsequent to the balance sheet date

The Scottish Children's Lottery and the associated SCIOs, including Chance to Flourish, were sold by STV Group PLC to MBC Lotteries Limited in August 2021 following approval by the Gambling Commission. The acquirer is responsible for the provision of lottery management services to the SCIOs from this date.

Financial review of Chance to Flourish

Chance to Flourish's activities in the year to 31 December 2020 generated total incoming resources of £1,292,759 (2019: £1,526,989) through the net proceeds of the Scottish Children's Lottery. The operating costs and grants awarded for the year are £1,243,162 (2019: £1,663,557) and lottery gaming prizes paid are £497,954 (2019: £613,365) resulting in a deficit of £448,357 (2019: £749,933).

Factors relating to the charity's ability to continue as a going concern, despite the net liability position as at the end of the year, are set out on page 4.

A reserve of funds has been retained by Chance to Flourish 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 support pre-school children and their families or carers.

Income

20% 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 39% covers prizes and the rest is used to cover Chance to Flourish'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 2020 were a deficit of £3,686,868 (2019: deficit of £3,238,511) of which £3,732,895 (2019: £3,323,137) were unrestricted. These unrestricted funds in deficit are as a result of the lottery being in the growth phase and at this point operating costs are exceeding income. Restricted funds were in a surplus position as at 31 December 2020. 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 Flourish 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 Flourish'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 Flourish 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 Flourish 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: 1st September 2021



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Statement of Trustees' Responsibilities

For the year ended 31 December 2020

The trustees (who are also directors of Chance to Flourish for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Chance to Flourish

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Independent auditors' report to the trustees of Chance to Flourish

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 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 2020; the Statement of Financial Activities (incorporating the income and expenditure account) and the Statement of cash flows for the year then ended; the accounting policies; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charity's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report 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.



Chance to Flourish

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Independent auditors' report to the trustees of Chance to Flourish (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify 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 our work undertaken in the course of the audit, The Charities Accounts (Scotland) Regulations 2006 (as amended) 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.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, 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.

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

Based on our understanding of the charity/industry, we identified that the principal risks of non-compliance with laws and regulations related to charity regulations, gambling regulations and UK company law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 (as amended). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the inappropriate use of charitable funds, for example through inappropriate awards. Audit procedures performed by the engagement team included:

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Independent auditors' report to the trustees of Chance to Flourish (continued)

- enquiring with management to identify any instances of non-compliance with laws and regulations, claims, litigation, fraud or inappropriate use of charitable funds;
- understanding the approach taken by management and the directors to monitor compliance with laws and regulations, to prevent fraud or inappropriate use of charitable funds, and to detect irregularities;
- review of board minutes; and
- incorporating an element of unpredictability into our testing plan.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: 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.

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.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Glasgow
1 September 2021

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Statement of Financial Activities (incorporating the income and expenditure account) For the year ended 31 December 2020

	Unrestricted Funds £	Restricted Funds £	2020 Total Funds £
Income and endowments			
Other Trading Activities:			
Lottery Gaming Proceeds	1,034,207	258,552	1,292,759
Total income and endowments	1,034,207	258,552	1,292,759
Expenditure			
Expenditure on raising funds	c1,431,421	-	c1,431,421
Expenditure on charitable activities:			
Awards to charitable causes		(297,151)	(297,151)
Other	(12,544)		(12,544)
Total expenditure	(1,443,965)	(297,151)	(1,741,116)
Net expenditure and net movement in funds	(409,758)	(38,599)	(448,357)
Reconciliation of funds			
Total Funds brought forward	(3,323,137)	84,626	(3,238,511)
Total Funds carried forward	(3,732,895)	46,027	(3,686,868)

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.

The notes on pages 15 to 17 form part of these financial statements.

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Statement of Financial Activities For the year ended 31 December 2019

	Note	Unrestricted Funds £	Restricted Funds £	2019 Total Funds £
Income and endowments				
Other Trading Activities:				
Lottery Gaming Proceeds	2	1,221,591	305,398	1,526,989
Total income and endowments		1,221,591	305,398	1,526,989
Expenditure				
Expenditure on raising funds	3	(1,895,153)		(1,895,153)
Expenditure on charitable activities:				
Awards to charitable causes	3		(371,532)	(371,532)
Other	3	(10,237)		(10,237)
Total expenditure	3	(1,905,390)	(371,532)	(2,276,922)
Net expenditure and net movement in funds		(683,799)	(66,134)	(749,933)
Reconciliation of funds				
Total Funds brought forward		c2,639,338	150,760	(2,488,578)
Total Funds carried forward	10	(3,323,137)	84,626	(3,238,511)

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 Flourish

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Balance Sheet

As at 31 December 2020

	<i>Note</i>	2020 £	2019 £
Current assets			
Cash at bank and in hand	7	30,342	153,370
Debtors	8	65,318	
Total current assets		95,660	153,370
Liabilities			
Creditors: amounts falling due within one year	9	(3,782,528)	(3,391,881)
Net liabilities		(3,686,869)	(3,238,511)
The funds of the charity			
Unrestricted funds		(3,732,895)	(3,323,137)
Restricted income funds		46,026	84,626
Total charity funds	10	(3,686,869)	(3,238,511)

The Financial Statements were approved by the Board of Trustees on 1st September 2021 and signed on their behalf by Ken Barclay:

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Statement of cash flows

For the year ended 31 December 2020

	2020	2019
	£	£
Cash flows from operating activities:		
Net expenditure for the reporting period (as per the statement of financial activities)	(448,357)	(749,933)
Adjustment for:		
(Decrease)/Increase in Creditors	390,647	670,so4
Net cash (used in)	<u>(57,710)!</u>	<u>(79,129)!</u>
Change in cash and cash equivalents in the reporting period	(57,710)	(79,129)
Cash and cash equivalents at the beginning of the reporting period	153,370	232,499
Cash and cash equivalents at the end of the reporting period	95,660	153,370

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Notes to the Financial Statements

For the year ended 31 December 2020

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). Chance to Flourish is a public benefit entity.

Going Concern

The Trustees of Chance to Flourish (the "SCIO") have prepared the financial statements on a basis of going concern for the year ending 31 December 2020, while acknowledging that the SCIO is in a net liability position as at the year-end.

During the year STV Group PLC, the ultimate parent of STV ELM, the External Lottery Manager of the SCIO, publicly communicated their intention to dispose of the STV ELM and the associated SCIOs.

As set out in note 15, the sale to MBC Lotteries Limited was finalised in August 2021. On completion of the sale, all balances due from the SCIO to STV Group PLC were formally forgiven. This debt forgiveness moved the SCIO into a net asset position. Additionally, £400,000 of working capital was provided by the new owners at the point of completion. Under the new management structure, charges for the costs of operation of the lottery will be recouped from available lottery proceeds rather than accruing as liabilities within the SCIO going forward, ensuring the net asset position is maintained.

The Trustees have also considered future budgets and forecasts of the SCIO itself. Following consideration of the above factors, the Trustees deem it appropriate to prepare the financial statements on a basis of going concern.

Factors relating to the charity's ability to continue as a going concern, despite the net liability position as at the end of the year, are set out on page 4.

Accounting Period

The financial statements are for the 12 month period to 31 December 2020.

Fund accounting

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

Restricted funds can only be used for specific purposes within the objectives of Chance to Flourish. 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 Flourish, 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 Flourish is exempt from corporation tax on its charitable activities.

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Notes to the Financial Statements

For the year ended 31 December 2020

2 Other Trading Activities

Income and endowments

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	£	£	£	£	£	£
Lottery proceeds	969,985	242,496	1,212,481	1,104,161	276,040	1,380,201
Gaming proceeds	64,222	16,056	80,278	117,430	29,358	146,788
	1,034,207	258,552	1,292,759	1,221,591	305,398	1,526,989

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	£	£	£	£	£	£
Lottery proceeds	969,985	242,496	1,212,481	1,104,161	276,040	1,380,201
Lottery prizes paid	(451,774)		(451,774)	(524,781)		(524,781)
Gaming proceeds	64,222	16,056	80,278	117,430	29,358	146,788
Gaming prizes paid	(46,180)		(46,180)	(88,584)		(88,584)
	536,253	258,552	794,805	608,226	305,398	913,624

3 Expenditure

	2020			2019		
	Fundraising	Charitable	Total	Fundraising	Charitable	Total
	Activities	Activities		Activities	Activities	
	£	£	£	£	£	£
Expenditure on raising funds:						
Lottery operating costs	457,112		457,112	626,887		626,887
Lottery prizes	451,774		451,774	524,781		524,781
Gaming operating costs	24,059		24,059	32,994		32,994
Gaming Prizes	46,180		46,180	88,584		88,584
Marketing costs	452,296		452,296	621,906		621,906
Expenditure on charitable activities:						
Awards to charitable causes		297,151	297,151		371,532	371,532
Governance costs: audit and tax advisory services		12,271	12,271		7,416	7,416
Other - administration costs	273		273	2,821		2,821
	1,431,694	309,422	1,741,116	1,897,974	378,948	2,276,922

4 Employees

Chance to Flourish 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 10 (2019: 10)

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

	2020	2019
	£	£
Wages and salaries	92,041	96,032
Social Security Costs	10,507	10,962
Other pension costs	2,654	2,769
Total staff costs	105,201	109,763

No employees received total benefits (excluding employer pension costs) of more than £60,000 in the cmTent period. (2019: nil)

5 Trustees' remuneration and benefits

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

Chance to Flourish

SCIO : SCo46177

Notes to the Financial Statements For the year ended 31 December 2020

6 Governance costs

	2020 £	2019 £
Audit fees	12,271	6,180

7 Cash at bank and in hand

	2020 £	2019 £
Proceeds account	4	48,110
Charity account	30,337	105,260
	30,342	153,370

8 Debtors

	2020 £	2019 £
Prepayments and Accrued Income	65,318	-

9 Creditors: amounts falling due within one year

	2020 £	2019 £
Commitments to charitable projects	-	10,000
Trade Payables	3,761,912	3,351,265
Accruals and Deferred Income	20,616	30,616
	3,782,528	3,391,881

Chance to Flourish

SCIO : SC046177

Notes to the Financial Statements

For the year ended 31 December 2020

10 Movement in funds

	Unrestricted Funds £	Restricted Funds £	2020 £	Unrestricted Funds £	Restricted Funds £	2019 £
Balance of funds brought forward	(3,323,137)	84,626	(3,238,511)	(2,639,338)	150,760	(2,488,578)
Incoming resources	1,034,207	258,552	1,292,759	1,221,591	305,398	1,526,989
Resources expended	(1,443,965)	(297,151)	(1,741,116)	(1,905,390)	(371,532)	(2,276,922)
Balance of funds carried forward	(3,732,895)	46,026	(3,686,868)	(3,323,137)	84,626	(3,238,511)

11 Analysis of net (liabilities)/assets between funds

	2020			2019		
	Current Assets £	Current Liabilities £	Total Net Liabilities £	Current Assets £	Current Liabilities £	Total Net Liabilities £
Unrestricted Funds	65,322	(3,798,217)	(3,732,895)	48,110	(3,371,247)	(3,323,137)
Restricted Funds	30,337	15,689	46,026	105,260	(20,634)	84,626
	95,659	(3,782,528)	(3,686,868)	153,370	(3,391,881)	(3,238,511)

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 Flourish.

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 Flourish.

12 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 were the only relevant party transactions while under ownership of STV ELM Limited.

These transactions can be represented as:

	2020 £	2019 £
Operating costs		
Lottery operating costs	(457,112)	(626,887)
Gaming operating costs	(24,059)	(32,994)
Marketing costs	(452,296)	(621,906)
STV ELM Limited	(933,467)	(1,281,787)

A balance of £3,761,912 (2019: £3,351,265) was payable to the STV ELM as at 31 December 2020.

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

Chance to Flourish

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Notes to the Financial Statements

For the year ended 31 December 2020

13 Organisations supported by Chance to Flourish

	2020
	£
Contact a Family	10,000
South Glasgow Childcare Partnership Forum	10,000
Saheliya	17,444
Carefree Kids East Lothian	2,025
Family Mediation Tayside and Fife	15,000
Safe, Strong and Free (ring fenced)	15,000
Home-Start Clackmannanshire	10,000
One Parent Families Scotland	25,000
FoodShare	25,000
Outside The Box Development Support Unit	8,441
National Literacy Trust	11,950
Barnardos	16,000
Fair Ltd	16,000
Scottish Spina Bifida Association	20,000
One Parent Families Scotland	10,000
North Edinburgh Arts	15,291
Family Service Unit (Circle)	20,000
Children 1st	25,000
Barnardos	25,000
Total grants	<u>297,151</u>

All grants paid in the year were made to institutions.

Chance to Flourish

SCIO : SC046177

Notes to the Financial Statements

For the year ended 31 December 2019

13 Organisations supported by Chance to Flourish

	2019
	£
Park Villa Football Development	
Step by Step Moray	22,250
MindMosaic Counselling and Therapy	8,075
Poppyview Family Centre	12,575
Edinburgh City Youth Cafe	7,470
Tailor Ed Foundation	20,000
Kilmacolm Playgroup & Toddlers	1,365
Projekt 42	21,869
Bellsbank Project	20,000
PEEK	16,617
Krazykat Theatre	3,240
Glasgow Childrens Hospital Charity	15,000
Play Midlothian	12,500
Stepping Stones North	24,710
With Kids	10,080
Homestart Dundee	6,500
Tron Theatre	10,315
Play Therapy Base	16,620
Multi Cultural Family Base	11,971
Home Start Aberdeen	10,000
Fife Gingerbread	10,000
Mum&Me	10,000
Grampian Womens Aid	10,000
Dr Bells Family Centre	13,800
Crossreach	10,000
Starcatchers Productions Ltd	10,000
Park Villa Football Development	5,000
Watermill Foundation	10,000
Families Like Us	10,000
Home Start Glasgow South	10,000
Unity Enterprises	1,575
IP Arts & Sports Academy	10,000
Home Start West Lothian	10,000
Total grants	<u>371,532</u>

All grants paid in the year were made to institutions.

Chance to Flourish

SCIO: SC046177

Notes to the Financial Statements

For the year ended 31 December 2020

14 Events subsequent to the balance sheet date

The Scottish Children's Lottery and the associated SCIOs, including Chance to Flourish, were sold by STV Group PLC to MBC Lotteries Limited in August 2021 following approval by the Gambling Commission. The acquirer is responsible for the provision of lottery management services to the SCIOs from this date.