

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

Charity No: SC003558

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

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SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

The trustees during the year and their date of election were as follows:-

Shulah Allan (Convener)	Elected: 3 July 2014
Neville Mackay (Vice-Convener)	Elected: 3 July 2014
Paul Bannon (Treasurer)	Elected: 3 July 2014
Eliot Stark	Elected: 3 July 2014
Susan Archibald	Elected: 3 July 2014; Resigned: 26 November 2015
Michelle McCrindle	Elected: 3 July 2014
Gordon MacRae	Elected: 3 July 2014
Maria McGill	Elected: 20 November 2014; Resigned: 23 July 2015
Emma Ritch	Elected: 20 November 2014; Resigned: 26 November 2015
Mark O'Donnell	Co-opted: 10 December 2014
Jay Butler	Co-opted: 10 December 2014

Chief Executive

Martin Sime

Registered Office

Mansfield Traquair Centre
15 Mansfield Place
Edinburgh
EH3 6BB

Bankers

SCVO's main bank accounts are held at:

The Royal Bank of Scotland plc
2 Blenheim Place
Edinburgh
EH7 5JH

Auditor

BDO LLP
Citypoint
65 Haymarket Terrace
Edinburgh
EH12 5HD

Solicitors

Shepherd & Wedderburn
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

Charity Registration Number

SC003558

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES ANNUAL REPORT

The Trustees present the annual report together with the audited financial statements for the year ended 31 March 2016.

ORGANISATION

Scottish Council for Voluntary Organisations (SCVO) is a Scottish Charitable Incorporated Organisation recognised by the Scottish Charity Regulator (OSCR), registration number SC003558. It is governed by its constitution which was adopted on 3 July 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Board of Trustees

SCVO is governed by a Board of up to eleven Trustees, six of whom are elected from member nominations, with three Honorary Officers elected at the AGM, and up to two co-options to bring in additional skills and knowledge. Trustee training is available on an as required basis in addition to induction training for new Trustees. Development sessions to enhance Trustees knowledge of service areas have been organised throughout the year.

Finance, Audit and Risk Committee

This is the Board's only subcommittee, set up to give detailed scrutiny to funding, risk and control systems. It reports directly to the Board. During the year the Committee has worked on scrutinising and developing risk identification, overseeing the Scottish Voluntary Sector Pension Scheme managed risk exercise to migrate pension risk, examined internal and external controls as well as developed the relationship between operational planning and budgeting.

Directorate

Day to day operation of SCVO is delegated to our Chief Executive, Martin Sime, and his Directorate team.

Policy Committee

We have a Policy Committee that is elected to represent the views of the voluntary sector. It is the role of this Committee to determine policies which reflect the best interests of Scottish voluntary organisations, to inform the Board of Trustees, and to represent these interests to government, local authorities, the private sector and the public at large.

OBJECTIVES AND ACTIVITIES

The SCVO is the national body for Scotland's third sector. Over 1,800 charities, voluntary organisations, and social enterprises are members of SCVO, including grassroots groups, Scotland-wide organisations, and international bodies. Through campaigning and service provision, SCVO seeks to advance the interests of our members, and the people and communities they serve.

Our vision

- An **economy** that takes account of people's need, where all can contribute, and where the third sector contribution is recognised and supported.
- A **society** where people are equal, supported and connected.
- A **democracy** where people are active and involved in democratic processes, planning services and local communities.

Objectives and activities are written down in a strategic plan that splits activities in to three themes – Support, Connect and Change.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE

SUPPORT - *increased access to good quality **information and services** to help voluntary organisations and people*

SCVO provides a range of services to help its members and the sector at large. Highlights from the year include:

- Improved use of digital technology in the Information Service and SCVO web site – 191,852 website hits;
- Expansion of the Funding Scotland information service;
- 460 organisations using the payroll service;
- New European funding and partnership programme launched – 587 signed up to a regular e-bulletin;
- New Glasgow office opened, and 16 new tenant organisations;
- One Digital programme launched – funded by Big Lottery Fund

CONNECT - *increased access to **volunteer and job opportunities**, and increased chances to **network, and connect** interests across the sector*

- Record sector engagement in the Gathering event in February – 3,413 people attending;
- 86 topic based events and courses;
- Supporting networks of policy, communications, IT, and information workers;
- The launch of GOOD HQ – our new third sector information and review site;
- Record 3,331 job vacancies advertised in Goodmoves;
- 1,099 people found Community Jobs Scotland opportunities with 691 organisations;
- Third Force News is the pre-eminent source of information, news, and comment about the sector – it now has 12,000 Twitter followers

CHANGE - *increased access to programmes that **improve practice** and build **third sector capacity**. The public and influencers have increased opportunities to learn about and from **third sector experience and expertise**. Highlights in this year include:*

- Launch of I Love Charity campaign;
- Record entry and numbers for Scottish Charity Awards – 16,671 votes in the Peoples' Choice category;
- Jointly chaired four Scottish Government/Third Sector Forum events;
- Published briefings to UK and Scottish Parliaments on the interests of the third sector;
- Ground-breaking work on health and care integration, welfare, and employability

PLANS FOR THE FUTURE

SCVO has a Strategic and Operating work plan that will guide it through the next two years. Key areas of upcoming activity include:

- European Structural Funding - we will actively engage with Scottish Government to secure the maximum possible funding for the sector;
- GoodHQ – we will build on work so far with a programme of community engagement and embed the GoodHQ platform in all aspects of SCVO's work;
- Public Services reform – we will engage with Scottish Government and stakeholders to reform public services;
- Goodmoves – we will expand our recruitment portal model in to Europe;
- Last year we set up a Scottish Fundraising Complaints Hub and we will review its operation at the end of the year;
- Trustee network - we will work up a stakeholder engagement plan for developing the trustee community that includes advice and support;
- Brexit – we will hold a series of meetings with members to discuss the implications for the sector and their organisations.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

SCVO REACH

During 2015/16 through our services, projects, events and communication channels, we directly reached and supported thousands of organisations and people across the whole of Scotland:

SCVO website	<ul style="list-style-type: none"> • 191,852 users visited the SCVO website in 2015-2016 year • 682,379 page views
Social media	<ul style="list-style-type: none"> • 15,300 twitter followers • 1,526 likes on LinkedIn • 1,681 likes on Facebook
SCVO e-bulletins	<ul style="list-style-type: none"> • SCVO Members Bulletin (4,942 recipients) • Welfare Cuts bulletin (904 recipients)
Third Force News	<ul style="list-style-type: none"> • 60,000 monthly visits to TFN website • 20,000 print readers • 5,300 e-bulletin subscribers, up from 4,600 in 2015 • 12,000 twitter followers, up from 8,200 in 2015 • 2,000 Facebook page likes
The Gathering	<ul style="list-style-type: none"> • 3,413 visitors to the 2016 gathering • 100 exhibitors • 167,870 page views on the website • 1,935 tweets sent with the #ILoveCharity hashtag • 3,900 engagements with @scvotweet posts • Media coverage: 51 news items reached around 4 million people
Training and events	<ul style="list-style-type: none"> • 5,620 people attended 90 SCVO events and training courses over 2015-2016
Scottish Charity Awards	<ul style="list-style-type: none"> • 139 applications submitted for the 2015 charity awards • 400 people attended on the night • Scottish Charity Awards web page views totalled 77,061 • 1,902 tweets sent on the night using #ScotCharityAwards
Intermediaries' Network	<ul style="list-style-type: none"> • Network of key intermediary/infrastructure bodies, including Voluntary Health Scotland, Inclusion Scotland, Poverty Alliance, Voluntary Arts Scotland
Goodmoves	<ul style="list-style-type: none"> • 50,000 unique website users per month • 18,000 email subscribers • Over 1,000 organisations advertised jobs last year, up from 850 last year
Community Jobs Scotland	<ul style="list-style-type: none"> • 7,000th young job-seeker successfully placed by the CJS team in early 2016 • 839 third sector organisations have created CJS jobs since 2011
Information Service	<ul style="list-style-type: none"> • Support provided to 1,300 enquirers in 2015-2016 • 76,000 people accessed the online Information Service
Funding Scotland	<ul style="list-style-type: none"> • 11,056 registered users, up from 5,382 in 2015 • 3,436 twitter followers
Get Involved and Good HQ	<ul style="list-style-type: none"> • 2,000 users per month accessing details of 36,000+ voluntary organisations online
Digital	<ul style="list-style-type: none"> • 1,206 people signed up to digital e-bulletin • 2,671 @digiscot Twitter followers • 295 applications submitted over three rounds of the Challenge Fund, with 84 organisations awarded funding • 265 organisations supported by the One Digital team in the first six months of the project and 400 digital champions created across Scotland
SCVO IT	<ul style="list-style-type: none"> • Provides Proactive Technology Support to 410 users within SCVO member organisations.
Payroll	<ul style="list-style-type: none"> • 460 payroll client organisations • 7,700 employee wages and payslips administered every month

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

RISK MANAGEMENT

SCVO is not a risk averse organisation. It recognises that to stay in the forefront of representing the sector's interests and developing services, calculated risks may need to be taken. The overall level of risk accepted may, if the risks materialise, lead to significant change and disruption in the organisation but should not place the organisation as a whole in jeopardy. The level of risk acceptable is considered against the benefit to the sector. High risk activities with little direct benefit to the sector are not to be undertaken even if there is a possibility of significant amounts of income generation.

SCVO operates a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks faced, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risk. Three key risks identified by the Trustees are;

- Maintaining sufficient income - to maintain generation of unrestricted income SCVO is pursuing an asset backed income strategy and investment in its services, development and project work. It also looks to diversify income sources to reduce dependence on any single stream of money;
- Reputational risk – to mitigate reputational risk SCVO invests in staff training, risk appraisal and evaluation. Further systems are in place to help to reduce the likelihood and scale of reputational damage to SCVO;
- Scottish Voluntary Sector Pension Scheme obligations - this is a difficult risk to mitigate due to the high cost of exiting SCVO's defined benefit obligations. To mitigate this risk SCVO has started a managed transfer exercise that will, if successful, part mitigate some of the risk. This risk mitigation exercise is a long term strategy that will be built on if and when funding becomes available.

CONTROLS

The Board of Trustees is the ultimate governing body of SCVO and is responsible for the organisation's system of internal financial controls. The system of controls aims to give the Board reasonable (but not total) assurance that issues are identified as they arise and are dealt with appropriately in an effective, timely manner.

The three main objectives of the control system are:

- To ensure that the company continues to maintain proper accounting records;
- To safeguard the organisation's assets from unauthorised disposal or use;
- To ensure the integrity and reliability of financial and operational information used for decision-making within the organisation and for external publication.

SCVO's internal controls 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 and performance indicators, including regular updates from the evaluation framework;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

RESERVES

The reserves policy adopted by the Board is to build free reserves to an amount that is sufficient to cover staff and operating costs on a short term basis to allow for re-organisation in the event of a significant decrease in income and to allow investment in new projects which will further SCVO's objectives. The current target is to meet operating costs for three months, being £1,493,685. As at 31 March 2016, the level of free reserves (defined as total general unrestricted funds less tangible assets and excluding the pension fund) stands at negative £2,036,190 (2015: -£1,307,295). This figure excludes defined benefit pension obligations of £4,341,087 (2015: £2,471,690). This is shortfall on the amount needed and to increase free reserves to the amount required SCVO is pursuing income growth strategies. Repayment of loans on its properties will over time also improve the level of free reserves.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

FINANCIAL REVIEW

Funds employed stand at £629,838 (2015: £1,610,851) of which £1,290,206 (2015: £1,312,093) is of a restricted nature. The trustees in considering their on-going commitments have designated in total £300,526 (2015: £300,526) as detailed in note 15 to the financial statements.

Designated funds have been established to:

- Avoid the necessity of realising fixed assets held for the charity's use or selling investments at an inappropriate state of the market;
- Equate to the unrealised appreciation of the value of its investments;
- Equate to tangible assets, other than property, required by SCVO to run its operations.

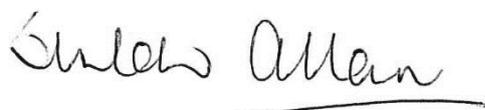
GRANT MAKING

SCVO has in the past year obtained grants from Government and other funders for the purpose of providing onward grants to other voluntary sector organisations. The grant making policy for these onward grants is determined by the body providing the grant funding.

AUDITOR

It is the Trustees assessment that all necessary steps have been taken to ensure that the auditor has been made aware of all relevant audit information and as such there is no relevant audit information which the auditor has not been made aware of.

Approved on behalf of the Board of Trustees



Shulah Allan (Convener)

Date: 30 11 16

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees are required to prepare financial statements that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005. 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS OF SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

We have audited the financial statements of Scottish Council for Voluntary Organisations for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's 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 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 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 report in accordance with regulations made under that Act. 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

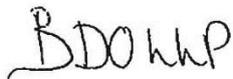
- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of the incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us 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; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- we have not received all the information and explanations we require for our audit.



BDO LLP

Statutory Auditor

Edinburgh

United Kingdom

Date: *1 December 2016*

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2016

		Unrestricted Funds	Restricted Funds	Total Funds 2016	Unrestricted Funds	Restricted Funds	Total Funds 2015
	Notes	£	£	£	£	£	£
Income from:							
Donations and legacies		1,156,296	-	1,156,296	1,166,058	-	1,166,058
Charitable activities		9,876,557	2,022,759	11,899,316	12,057,815	672,020	12,729,835
Investments		9,363	-	9,363	10,372	-	10,372
Total	3	<u>11,042,216</u>	<u>2,022,759</u>	<u>13,064,975</u>	<u>13,234,245</u>	<u>672,020</u>	<u>13,906,265</u>
Expenditure on:							
Charitable activities:							
Services to the sector		4,642,363	311,802	4,954,165	3,494,771	30,959	3,525,730
Development and capacity build		700,415	1,503,578	2,203,993	2,078,380	412,820	2,491,200
Employment initiatives		6,658,564	229,266	6,887,830	7,551,623	259,200	7,810,823
Total	4	<u>12,001,342</u>	<u>2,044,646</u>	<u>14,045,988</u>	<u>13,124,774</u>	<u>702,979</u>	<u>13,827,753</u>
Net (expenditure)/income	7	<u>(959,126)</u>	<u>(21,887)</u>	<u>(981,013)</u>	<u>109,471</u>	<u>(30,959)</u>	<u>78,512</u>
Fund balances brought forward at 1 April 2015	18	<u>298,758</u>	<u>1,312,093</u>	<u>1,610,851</u>	<u>189,287</u>	<u>1,343,052</u>	<u>1,532,339</u>
Fund balances carried forward at 31 March 2016	14-17	<u>(660,368)</u>	<u>1,290,206</u>	<u>629,838</u>	<u>298,758</u>	<u>1,312,093</u>	<u>1,610,851</u>

All amounts relate to continuing activities.

The notes on pages 14 to 32 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

BALANCE SHEET AS AT 31 MARCH 2016

	Note	2016 £	2015 £
Fixed Assets			
Tangible assets	9	7,007,115	6,359,330
Investments	10	-	44
		<u>7,007,115</u>	<u>6,359,374</u>
Current Assets			
Debtors	11	917,242	2,045,875
Cash at bank and in hand		6,072,800	3,481,076
		<u>6,990,042</u>	<u>5,526,951</u>
Creditors: amounts falling due within one year	12	<u>(9,307,804)</u>	<u>(2,973,500)</u>
Net current (liabilities) /assets		<u>(2,317,762)</u>	<u>2,553,451</u>
Total assets less current liabilities		<u>4,689,353</u>	<u>8,912,825</u>
Creditors: amounts falling due after more than one year	13	-	(4,125,263)
Net assets excluding pension liability		<u>4,689,353</u>	<u>4,787,562</u>
Pension liability	13	(4,059,515)	(3,176,711)
Total net assets		<u><u>629,838</u></u>	<u><u>1,610,851</u></u>
Funds employed:			
Restricted funds	14	1,290,206	1,312,093
Unrestricted funds			
Designated funds	15	300,526	300,526
Pension fund	16	(4,341,087)	(2,471,690)
General funds	17	3,380,193	2,469,922
Total funds	18	<u><u>629,838</u></u>	<u><u>1,610,851</u></u>

The financial statements were approved and authorised for issue by the board on

Signed on behalf of the Board of Trustees



Shulah Allan (Convener)

The notes on pages 14 to 32 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2016

	2016	2015
Cash flows from operating activities:	£	£
Net (expenditure) / income for the year	(981,013)	78,512
Adjustments for:		
Depreciation charges	179,434	166,442
Loss on investments	44	-
Dividends, interest and rents from investments	(9,363)	(10,372)
Decrease in debtors	1,128,633	149,458
Increase in creditors	2,319,438	372,573
Movement in pension obligation	899,859	97,878
Interest paid	120,939	86,807
Net cash provided by (used in) operating activities	<u>3,657,971</u>	<u>941,298</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments	9,363	10,372
Purchase of property, plant and equipment	(661,392)	(1,306,756)
Net cash provided by (used in) investing activities	<u>(652,029)</u>	<u>(1,296,384)</u>
Cash flows from financing activities:		
Repayments of borrowings	(278,634)	(53,333)
Interest paid	(135,584)	(72,162)
New secured loan	-	2,662,495
Net cash provided by (used in) financing activities	<u>(414,218)</u>	<u>2,537,000</u>
Changes in cash and cash equivalents in the year	<u>2,591,724</u>	<u>2,181,914</u>
Cash and cash equivalents at the beginning of the year	3,481,076	1,299,162
Cash and cash equivalents at the end of the year	<u>6,072,800</u>	<u>3,481,076</u>

The notes on pages 14 to 32 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016

1. Accounting policies

a) Basis of Preparation

SCVO is a Scottish Charitable Incorporated Organisation (SCIO). The address of the registered office and charity registration number are given on page 2. The principal activities of the charity are discussed in the trustees' report.

The financial statements have been prepared under the historical cost basis and in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102)" effective 1 January 2015.

SCVO constitutes a public benefit entity as defined by FRS 102.

These financial statements are the first prepared under FRS 102 and information on the first time adoption is given in note 25. The date of transition is 1 April 2014. The impact of the first time adoption of FRS 102 is given in note 25. The prior year figures shown in these financial statements have been restated for material adjustments on adoption of FRS 102.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the trustees to exercise judgement in applying the accounting policies (see note 2).

b) Going Concern

The Trustees have reviewed SCVO's financial position and considered the technical breach of the banking covenant at 31 March 2016, as detailed in accounting policy note 1g. Bank loans remain repayable as originally structured and are detailed in note 12. The Trustees have concluded that there are sufficient resources to manage any operational financial risks, so that it is reasonable to expect that SCVO will continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

c) Income – Grants Receivable and Other Income

It is SCVO's policy to take all grants to the statement of financial activities in the year to which they relate. Where as part of the grant conditions the donor has imposed restrictions on the expenditure of resources which amount to pre-conditions for use any grant received over and above the level of expenditure is deferred. If no such restrictions are imposed then the income is recognised in full and if the grant is of a restricted nature and the level of expenditure is not equal to the grant the balance is transferred to a restricted fund.

Where grants are received specifically to provide for a fixed asset the income is recognised in the SOFA in the year of receipt. An amount equal to the grant is transferred to a restricted fund which is then reduced over the useful economic life in line with the depreciation charged.

The organisation charges for services as part of its charitable activities and income is recognised on a receivable basis. Such income is included within income from charitable activities.

d) Expenditure

Expenditure is included in the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Where costs cannot be directly attributed to activities they have been allocated on a basis consistent with use of the resources.

Grant expenditure is recognised once the offer of grant has been accepted by the recipient.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

1. Accounting Policies (continued)

e) Direct Costs

Direct costs are charged to the charitable activities and support costs have been allocated to all activities on the basis of the number of full time equivalent staff working directly on an activity. Where a member of staff works on more than one activity the costs are allocated on the basis of time spent on each activity.

f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, cash on deposit where funds can be accessed without penalty within three months or less from the opening of the account.

g) Bank Loans

Bank loans are recorded in creditors falling due within one year. SCVO's Unity Trust property loans financial covenant requires conditions to be met before EBITDA (earnings before interest, taxes, depreciation and amortization). The adoption of FRS102 has meant that the covenant was breached at 31 March 2016 and until the consequences of the change in accounting rules are reflected in the covenant there is presentational requirement to include these loans as falling due within one year. This is a presentational requirement in the financial statements of SCVO only, the phasing, amounts and end dates of payments are not affected.

h) Financial Instruments

SCVO only enters into basic financial instruments. Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment. Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

i) Holiday Pay Accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

j) Termination Benefits

Termination benefits are accrued by the charity when there is a constructive obligation to pay them. This is normally via a contractual, legislation or other agreement with employees or their representatives.

k) Tangible Fixed Assets and Depreciation

Fixed assets are initially recorded at cost. Freehold land is not depreciated. Assets in the course of construction are not depreciated until the asset is fully completed and ready for use. Depreciation is provided on all completed assets that are capitalised. It is charged on a straight-line basis over the expected life of the asset after taking into account the estimated residual value. The following lives are assumed:-

- Computer equipment – 3 to 5 years
- Fixtures and fittings – 5 to 10 years
- Leasehold improvements – 20 years (or term of lease if less)
- Freehold buildings – 50 years

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

1. Accounting Policies (continued)

l) Funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors.

m) Leases

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

n) Pensions

SCVO contributes to an AEGON defined contributions pension arrangement for staff. The employer makes a maximum contribution of 9% of the employee's gross salary to the scheme. SCVO also runs a pension salary sacrifice scheme for its staff. SCVO makes additional contributions towards the Scottish Voluntary Sector Pension Scheme funding shortfall as required by the scheme's pension recovery plan. This fund is now closed to new members or any further contributions from existing members.

o) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the statement of financial activities.

p) Rental Income

SCVO rents desk and floor space under formal leases. The rental income is recognised within membership services on an accruals basis when the organisation is entitled to that income.

2. Judgement and estimates

The preparation of these financial statements has required the trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts. The areas involving a degree of judgement significant to the view given by these statements are:

- Actuarial assumptions in respect of the pension scheme. In making these assumptions, the Trustees rely on figures provided by The Pension Trust. The assumptions are shown in note 20.
- The useful economic lives of tangible fixed assets are assessed as to whether there are indicators of impairment. The annual depreciation charge is sensitive to changes in the estimated useful economic lives and residual values of the assets which are re-assessed annually taking into account factors such as physical condition, maintenance and obsolescence.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

3. Income

	Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015
	£	£	£	£
Income from donations and legacies				
Scottish Government Core Grant	925,000	-	925,000	925,000
Membership subscriptions	231,146	-	231,146	240,540
Donations	150	-	150	518
	<u>1,156,296</u>	<u>-</u>	<u>1,156,296</u>	<u>1,166,058</u>
Income from charitable activities				
Community Jobs Scotland	6,494,283	-	6,494,283	7,416,709
Scottish Government Grants				
Health work	-	363,638	363,638	471,003
Development project	-	10,000	10,000	13,840
Infrastructure	150,000	-	150,000	295,000
Asset Mapping	-	51,000	51,000	49,000
Learning projects	-	23,000	23,000	11,000
Website delivery	80,021	-	80,021	80,021
European Funding	147,291	247,169	394,460	244,140
Other Grant Income	29,478	20,961	50,439	161,236
Digital Participation	-	972,737	972,737	577,874
Big Lottery	-	122,025	122,025	-
Charities Aid Foundation	153,030	-	153,030	155,468
Employment Services	271,646	212,229	483,875	641,794
Rental income	693,021	-	693,021	618,507
ICT Support	166,515	-	166,515	147,670
Recruitment Services	795,744	-	795,744	792,342
Membership Services	227,886	-	227,886	111,360
Payroll Services	328,179	-	328,179	315,563
Events	169,178	-	169,178	140,473
Publications	43,805	-	43,805	36,156
Other Earned Income	126,480	-	126,480	450,679
	<u>9,876,557</u>	<u>2,022,759</u>	<u>11,899,316</u>	<u>12,729,835</u>
Income from investments	9,363	-	9,363	10,372
Total income	<u>11,042,216</u>	<u>2,022,759</u>	<u>13,064,975</u>	<u>13,906,265</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

4. Expenditure

	Activities undertaken	Grant funding of activities	Support costs	2016 Total	2015 Total
	£	£	£	£	£
Charitable activities					
Services to the sector	4,425,368	149,622	379,175	4,954,165	3,525,730
Development and capacity build	1,157,381	803,348	243,264	2,203,993	2,491,200
Employment initiatives	575,532	6,137,262	175,036	6,887,830	7,810,823
	<u>6,158,281</u>	<u>7,090,232</u>	<u>797,475</u>	<u>14,045,988</u>	<u>13,827,753</u>

Services to the sector costs are further analysed below:

	2016 £	2015 £
Salaries and staff costs	2,447,990	2,169,058
Pension obligations	1,214,000	304,540
Onward grants	149,622	-
Office costs, depreciation and bank interest	763,378	758,207
Support costs	307,175	293,925
	<u>4,954,165</u>	<u>3,525,730</u>

SCVO paid out Employment Initiatives activity grants of £6,137,262. These payments were made to 691 separate organisations for delivery of Community Jobs Scotland. None of these grants are individually material and all are onward grants under the terms of the funding.

5. Support Cost Allocation

	Accommodation £	Finance £	HR £	ICT £	Governance £	Total £
Services to the sector	(41,173)	148,871	113,044	136,132	22,301	379,175
Development and capacity build	82,083	60,282	45,775	55,124	-	243,264
Employment Initiatives	58,997	43,398	32,955	39,686	-	175,036
	<u>99,907</u>	<u>252,551</u>	<u>191,774</u>	<u>230,942</u>	<u>22,301</u>	<u>797,475</u>

Support costs are apportioned to charitable activities based on staff numbers and level of activity.

Governance costs of £22,301 (2015: £49,375) include external audit fees £12,720 (2015: £11,130) and the costs of hosting Board meetings and the AGM £9,581 (2015: £38,245).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

6. Staff Costs

	2016	2015
	£	£
Salaries	2,939,483	3,204,775
Termination payments (redundancy)	160,294	-
Social security costs	291,948	316,047
Other pension costs	433,526	426,972
	<u>3,825,251</u>	<u>3,947,794</u>

The average number of full time equivalent employees during the year was 94 (2015: 102). The termination payments include £30,757 not settled at the balance sheet date.

Key Management Remuneration

Key management include those individuals who have authority and responsibility for planning, directing and controlling the activities of the charity. They comprise 3 individuals and total remuneration paid for services was £255,746 (2015 £249,172)

The numbers of staff whose emoluments for the year fell in the following bands were:

	2016	2015
	Number	Number
£60,001 - £70,000	2	3
£70,001 - £80,000	1	1

7. Net (expenditure)/income for the year

The net (expenditure)/income is stated after charging:

	2016	2015
	£	£
Depreciation	179,434	166,442
Auditor's remuneration - statutory audit services	12,720	11,130
Indemnity insurance	4,547	4,968
Operating lease rentals - equipment	54,459	37,216
- property	11,750	11,750

8. Related party transactions

Trustees are reimbursed for expenses incurred on travel and subsistence in the performance of their duties. Reimbursements to 6 trustees (2015: 6) amounted to £1,928 (2015: £1,711). No remuneration was received by Trustees in 2016 (2015: £nil).

During 2016 there were no payments to related parties. In 2015 Richard Hamer was remunerated £558 for chairing an event.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

9. Fixed Assets

Tangible Assets	Land & Buildings £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 31 March 2015	7,342,543	315,979	396,115	8,054,637
Additions during year	615,293	190,998	20,928	827,219
At 31 March 2016	<u>7,957,836</u>	<u>506,977</u>	<u>417,043</u>	<u>8,881,856</u>
Depreciation				
At 31 March 2015	1,132,761	203,071	359,475	1,695,307
Charge for year	104,805	62,166	12,463	179,434
At 31 March 2016	<u>1,237,566</u>	<u>265,237</u>	<u>371,938</u>	<u>1,874,741</u>
Net book amount				
At 31 March 2016	<u>6,720,270</u>	<u>241,740</u>	<u>45,105</u>	<u>7,007,115</u>
At 31 March 2015	<u>6,209,782</u>	<u>112,908</u>	<u>36,640</u>	<u>6,359,330</u>

Included within Land and Buildings are assets in the course of construction amounting to £1,309,409 (2015: £760,896), and land with a cost of £1,867,496 (2015: £1,867,496), these have not been depreciated. Also included are leasehold improvements with a net book value of £104,852 (2015: £121,516).

10. Fixed Asset Investments

	2016 £	2015 £
Unlisted investments		
Market value at 31 March 2015	44	44
Disposals at cost	(44)	-
Market value at 31 March 2016	<u>-</u>	<u>44</u>
Historical cost at 31 March 2016	<u>-</u>	<u>44</u>

The investment was written off during the year for nil consideration as the joint venture ceased trading. The investment represented 44% of the shares issued by Workwithus.org Limited.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016 (continued)

11. Debtors

	2016 £	2015 £
Due within 1 year:		
Outstanding grants	163,374	218,080
Prepayments	50,743	69,720
Other debtors	460,487	1,262,757
VAT	216,200	457,130
	<u>890,804</u>	<u>2,007,687</u>
Due in more than 1 year:		
Prepayments	26,438	38,188
	<u>917,242</u>	<u>2,045,875</u>

12. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans	3,932,750	86,120
Accruals	616,484	757,462
Deferred income	3,383,821	738,517
Other taxes and social security costs	131,294	146,670
Pension costs	38,851	38,786
Pension recovery plan	281,572	264,517
Other creditors	923,032	941,419
	<u>9,307,804</u>	<u>2,973,500</u>
Deferred Income		
Opening balance	738,517	585,268
Released in year	(738,517)	(585,268)
Deferred income for year	<u>3,383,821</u>	<u>738,517</u>
	<u>3,383,821</u>	<u>738,517</u>

The deferred income relates to the advance element of the CJS payments that encompasses two financial periods.

Bank loans are shown under creditors due within one year for presentational reasons only due to a breach of the bank covenant at 31 March 2016. Further information is provided in Notes 1b and 1g.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

12. Creditors: amounts falling due within one year (continued)

The bank loans are secured on Brunswick House, Fairways House, Hayweight House and Edward House. There are three loans, all repayable in instalments; all loan terms are for 10 years.

Loan repayments on one loan commenced in August 2012. Interest is repayable on this loan a rate of 1.5% above the bank's base rate, subject to a minimum charge of 2.5% per annum.

Loan repayments on a second loan commenced in April 2016. Interest is payable on this loan at a rate of 2.25% above the bank's base rate, subject to a minimum charge of 3.5% per annum.

Loan repayments on the final loan commences in August 2016. Interest is payable on this loan at 2.5% above the bank's base rate, subject to a minimum charge of 3.5% per annum.

13. Creditors: amounts falling due after one year

	2016 £	2015 £
Bank loans		
Due 2-5 years	-	790,570
Due after 5 years	-	3,334,693
	<hr/>	<hr/>
	-	4,125,263
Pension Recovery Plan	4,059,515	3,176,711
	<hr/>	<hr/>
	4,059,515	7,301,974

14. Restricted Funds

The restricted funds relate to specific projects. Where the funding is in the form of a government grant, the nature and amount of the grant is disclosed below.

Restricted Fund: movements in the year

	31 March 2015 £	Income £	Expenditure £	31 March 2016 £
Capital Grants	1,312,093	-	(21,887)	1,290,206
Poverty and Health Work	-	363,638	(363,638)	-
Development Project	-	10,000	(10,000)	-
Asset Mapping	-	51,000	(51,000)	-
Learning Project	-	23,000	(23,000)	-
European Funding	-	247,169	(247,169)	-
Employment Services	-	212,229	(212,229)	-
Digital Participation	-	972,737	(972,737)	-
Big Lottery	-	122,025	(122,025)	-
Other Projects	-	20,961	(20,961)	-
Total	<hr/>	<hr/>	<hr/>	<hr/>
	1,312,093	2,022,759	(2,044,646)	1,290,206

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

14. Restricted Funds (continued)

Capital grant fund - represents grants received to support the purchase and equipping of the voluntary sector centre in Inverness, less amounts released to unrestricted funds to match the depreciation.

Poverty and Health Work - this is a Scottish Government grant to increase the capacity and resilience of communities and local third sector organisations to provide support and skills required to mitigate the effects of welfare reform and poverty. This grant also continues the work of Building Healthy Communities Initiatives.

Development Project - this grant relates to phase 2 of the Charity Fundraising review.

Asset Mapping and Learning Project - project to map provision of third sector health and wellbeing support.

European Funding - relates to Graduate Employment Supporting Business Growth and digital funding in rural areas.

Employment Services - a grant from the Local Government and Communities Directorate in connection with the equality graduate internship programme.

Digital Participation - Scottish Government initiative aimed at increasing the rates of digital participation and growing the digital capability of the voluntary sector in Scotland.

Big Lottery - this relates to the project testing the importance of digital skills and identifying an approach to grow these.

Other Projects - agreement with Universities of St Andrews and Stirling relating to developing the use of administrative data on Scotland's civil society.

15. Designated Funds

	2016 £	2015 £
Balance at 31 March 2015	300,526	283,553
Transfer from general funds	-	16,973
Balance at 31 March 2016	<u>300,526</u>	<u>300,526</u>

Other Tangible Assets Reserve

This reserve has been created to represent the reserves that are not available for other activities since they have been used to purchase fixed assets. There have been no additions during the year and the Tangible Assets Reserve will be maintained until assets included are disposed of.

16. Pension Fund

	2016 £	2015 £
Balance at 31 March 2015	(2,471,690)	(2,734,273)
Movement in defined benefit obligation	(899,859)	(97,878)
Transfer (to)/from general funds	(969,538)	360,461
Balance at 31 March 2016	<u>(4,341,087)</u>	<u>(2,471,690)</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

17. General Funds

	2016 £	2015 £
Balance at 31 March 2015	2,469,922	2,737,885
Net (expenditure) / income for year	(59,267)	109,471
Transfer to designated funds	-	(16,973)
Transfer from/(to)pension fund	969,538	(360,461)
Balance at 31 March 2016	<u>3,380,193</u>	<u>2,469,922</u>

18. Analysis of Net Assets between Funds

	Restricted Funds £	Designated Funds £	Pension Fund £	General Funds £	Total £
31 March 2016					
Tangible fixed assets	1,290,206	300,526	-	5,416,383	7,007,115
Net current liabilities	-	-	(281,572)	(2,036,190)	(2,317,762)
Long-term liabilities	-	-	(4,059,515)	-	(4,059,515)
31 March 2016	<u>1,290,206</u>	<u>300,526</u>	<u>(4,341,087)</u>	<u>3,380,193</u>	<u>629,838</u>
31 March 2015					
Tangible fixed assets	1,312,093	300,526	969,538	3,777,173	6,359,330
Investments	-	-	-	44	44
Net current (liabilities) / assets	-	-	(264,517)	2,817,968	2,553,451
Long-term liabilities	-	-	(3,176,711)	(4,125,263)	(7,301,974)
	<u>1,312,093</u>	<u>300,526</u>	<u>(2,471,690)</u>	<u>2,469,922</u>	<u>1,610,851</u>

19. Administered Funds

These are funds administered by SCVO on behalf of a number of organisations. In accordance with the SORP they have not been included in the main financial statements but are as follows:

	2016 £	2015 £
Current assets		
Cash at bank and in hand	<u>16,198</u>	<u>17,098</u>
Creditors: amounts falling due within one year		
Covenant and gift aid funds	10,483	12,830
Other funds	5,715	4,268
	<u>16,198</u>	<u>17,098</u>
Total assets less liabilities	<u>-</u>	<u>-</u>

Total income administered during the year amounted to £119 (2015: £17,550) and disbursements totalled £1,019 (2015: £25,860).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

20. Pension Commitments

SCVO participates in two multi-employer Defined Benefit pension schemes

20.1 Scottish Voluntary Sector Pension Scheme

SCVO participates in the Scottish Voluntary Sector Pension scheme, a multi-employer scheme which provides benefits to some 95 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the SCVO to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore SCVO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £88.22m, liabilities of £122.15m and a deficit of £33.93m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions	
From 1 April 2016 to 31 October 2029:	£1,323,116 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2031	£292,376 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2031	£37,475 per annum

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation showed assets of £66.21m, liabilities of £95.04m and a deficit of £28.83m. To eliminate this funding shortfall, payments consisted of £1,490,000 per annum, increasing by 3% each 1st April until 31 March 2028.

As the scheme is in deficit and SCVO has agreed to a deficit funding arrangement SCVO recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Values of Provision	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Present value of provision	4,156	3,261	3,154

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

20. Pension Commitments (continued)

Reconciliation of opening and closing provisions

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Provision at start of period	3,261	3,154
Unwinding of the discount factor (interest expense)	71	105
Deficit contribution paid	(243)	(236)
Remeasurements - impact of any change in assumptions	(90)	237
Remeasurements - amendments to the contribution schedule	1,156	-
Provision at end of period	4,156	3,261

Income and expenditure impact

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Interest expense	71	105
Remeasurements – impact of any change in assumptions	(90)	237
Remeasurements – amendments to the contribution schedule	1,156	-

Assumptions

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.55	2.27	3.47

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

20. Pension Commitments (continued)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit Contributions Schedule

Year ending	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Year 1	263	243	236
Year 2	270	250	243
Year 3	279	258	250
Year 4	287	265	258
Year 5	296	273	265
Year 6	304	281	273
Year 7	314	290	281
Year 8	323	299	290
Year 9	333	307	299
Year 10	343	317	307
Year 11	353	326	317
Year 12	364	336	326
Year 13	374	346	336
Year 14	386	-	346
Year 15	397	-	-
Year 16	205	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

SCVO must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the SCVO's balance sheet liability.

SCVO has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt for SCVO was £21,590,331

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016 (continued)

20. Pension Commitments (continued)

20.2 The Growth Plan

SCVO also participates in The Growth Plan, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for SCVO to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2013 to 31 March 2023:	£13.9m per annum
	(payable monthly and increasing by 3% each on 1st April)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum
	(payable monthly and increasing by 3% each on 1st April)

From 1 April 2016 to 30 September 2028:	£54,560 per annum
	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

20. Pension Commitments (continued)

As the scheme is in deficit and SCVO has agreed to a deficit funding arrangement SCVO recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Present value of provision	186	181	189

Reconciliation of opening and closing provisions

Period ending	31 March 2016 (£000s)	31 March 2015 (£000s)
Provision at start of period	181	189
Unwinding of the discount factor (interest expense)	3	5
Deficit contribution paid	(22)	(21)
Remeasurements - impact of any change in assumptions	(3)	7
Remeasurements - amendments to the contribution schedule	27	-
Provision at end of period	186	181

Income and expenditure impact

Period Ending	31 March 2016 (£000s)	31 March 2015 (£000s)
Interest expense	3	5
Remeasurements – impact of any change in assumptions	(3)	7
Remeasurements – amendments to the contribution schedule	27	-

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

20. Pension Commitments (continued)

Assumptions

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.07	1.74	2.82

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit contribution schedule

Year ending	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Year 1	19	22	21
Year 2	20	22	22
Year 3	20	23	22
Year 4	21	24	23
Year 5	21	25	24
Year 6	22	25	25
Year 7	23	26	25
Year 8	23	27	26
Year 9	24	-	27
Year 10	12	-	-
Year 11	-	-	-
Year 12	-	-	-
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

SCVO must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the SCVO's balance sheet liability.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

20. Pension Commitments (continued)

SCVO has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt for SCVO was £196,864.

21. Leasing Commitments

The total future minimum lease payments under non-cancellable operating leases

		Buildings		Office Equipment	
		2016	2015	2016	2015
		£	£	£	£
Expiring	- within 1 year	11,750	11,750	51,551	54,673
	- in 1 to 5 years	47,000	47,000	135,354	161,788
	- more than 5 years	26,438	38,188	1,913	27,030
		<u>85,188</u>	<u>96,938</u>	<u>188,818</u>	<u>243,491</u>

22. Lessor Income

The total future minimum rental income under operating leases

	2016	2015
	£	£
Expiring within 1 year	<u>123,339</u>	<u>107,330</u>

23. Capital Commitments

At 31 March 2016 a capital commitment of £313,886 existed relating to the renovation of Edward House in Glasgow.

24. Financial Instruments

	2016	2015
	£	£
Financial assets		
Financial assets measured at amortised cost	<u>6,696,661</u>	<u>4,961,913</u>
Financial liabilities		
Financial liabilities measured at amortised cost	5,511,117	5,949,050
Financial liabilities measured at fair value through the SOFA	<u>4,341,087</u>	<u>3,441,228</u>
	<u>9,852,204</u>	<u>9,390,278</u>

Financial assets measured at amortised cost include cash at bank, outstanding grant income and other debtors. Financial liabilities measured at amortised cost include bank loans, other creditors and accruals. Financial liabilities measured at fair value through the SOFA represent pension liabilities.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2016 (continued)

25. Transition to Charity SORP (FRS 102)

The following reconciliation details the differences between the funds, and the net movement in funds, as presented in the 2015 financial statements and those figures as re-stated in these financial statements under the Charities SORP (FRS 102).

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances as at 1 April 2014			
As previously stated	3,591,862	1,343,052	4,934,914
Recognition of pension liability	(3,343,350)	-	(3,343,350)
Provision for holiday pay	(59,225)	-	(59,225)
Under Charities SORP (FRS 102)	<u>189,287</u>	<u>1,343,052</u>	<u>1,532,339</u>
Fund balances as at 31 March 2015			
As previously stated	3,808,237	1,312,093	5,120,330
Recognition of pension liability	(3,441,228)	-	(3,441,228)
Provision for holiday pay	(68,251)	-	(68,251)
Under Charities SORP (FRS 102)	<u>298,758</u>	<u>1,312,093</u>	<u>1,610,851</u>
Net movements in funds reconciliation			
Net movement in funds for the year ended 31 March 2015, as previously stated	216,375	(30,959)	185,416
Change to pension liability	(97,878)	-	(97,878)
Provision for holiday pay	(9,026)	-	(9,026)
Under Charities SORP (FRS 102)	<u>109,471</u>	<u>(30,959)</u>	<u>78,512</u>

- (i) As indicated in note 1n), in the transition to FRS 102 there is a change in the policy of recognising the full pension liability.
- (ii) As noted in note 1i), under FRS 102 there is provision for the entitlement of staff holidays not taken at the year-end date.