



Report & Financial Statements

Year ended 31 March 2017

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

Charity No: SC003558

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

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SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT

The Trustees present the annual report together with the audited financial statements for the year ended 31 March 2017.

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.

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.

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 – 194,694 website hits;
- Expansion of the Funding Scotland information service, also now connecting direct with local authorities;
- 460 organisations using the payroll service;
- Rapid and expert response to Brexit by our European Unit and influence on the 2014-20 Structural Funds programme in the interests of our sector
- Major review of our property undertaken to help us make best use of all our facilities and buildings
- One Digital programme supporting voluntary organisations to take advantage of technology rolled out
- Delivered a grassroots-focused community capacity and resilience programme

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES ANNUAL REPORT (continued)

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

- The Gathering again a focal point of sector engagement – this year with a UK-wide reach
- All Scottish charities' information uploaded on to GOOD HQ – user engagement going from strength to strength
- Record 3,331 job vacancies advertised in Goodmoves;
- A sixth round of Community Jobs Scotland launched, with more targeted support for care leavers, ex-service people and those with disabilities
- Third Force News, now established as the pre-eminent source of information, news, and comment about the sector, launched a new video news service for events

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:

- Supported the launch of a Scottish civil society open government network pursuing accountability, transparency and participation in democracy – won a place as part of the global sub-national pioneer programme of the Open Government Partnership
- Launched a new (Big Lottery Funded) programme to promote the Sustainable Development Goals across the UK
- Evolved new forms of policy engagement between sector activists using 'basecamp' and between networks and government at all levels
- Seconded staff to key parts of the NHS to support partnership working and culture change
- Delivered a new light-touch framework to build trust in fundraising
- Record entry and numbers for Scottish Charity Awards – 16,868 votes in the Peoples' Choice category – spreading the word to a vast public audience about charity excellence and achievement

FINANCIAL REVIEW

Funds employed stand at £686,188 (2016: £629,838) of which £1,271,447 (2016: £1,290,206) is of a restricted nature. The trustees in considering their on-going commitments have designated in total £368,975 (2016: £300,526) as detailed in note 14 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.

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 £1,436,622. As at 31 March 2017, the level of free reserves (defined as total general unrestricted funds less tangible assets and excluding the pension fund) stands at negative £2,686,062 (2016: -£2,036,190). This figure excludes defined benefit pension obligations of £3,972,661 (2016: £4,341,087). 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 (SCIO)

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, the first of which was completed in 2016/17. It has mitigate some of the risk out of the scheme and along with a second phase in April 2017 will reduce expose by 18%. This risk mitigation exercise is a long term strategy that will be built on if and when funding becomes available.

PLANS FOR THE FUTURE

SCVO has a three-year Strategic and annual operating plan, set within a long-term logic model steering us towards our vision. Key areas of upcoming activity include:

- High-profile lobbying on the potential consequences of Brexit for the sector both in Scotland and with EU institutions in Brussels
- Pro-active engagement with Scottish Government on European Structural Funding – to ensure the maximum possible is drawn down in support of the sector and Scotland's communities
- Launch our planned work with Irish and Northern Irish partners around digital connections between the sector and health services to enable social prescribing
- Step up our engagement with the health and social care change process, with a focus on accessing and providing data
- Engage with the 14 international partners in the Open Government sub-national pioneer programme to share ideas and good practice in support of healthy democracy
- Launch a second phase of the One Digital programme, with a focus on digital leaders
- Redouble our efforts to promote good governance and support trusteeship

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES ANNUAL REPORT (continued)

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.

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:

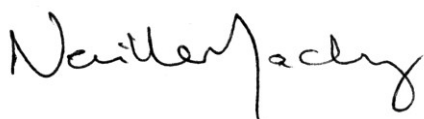
- A strategic plan and an annual budget approved by the Trustees;
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial and performance indicators, including regular updates from the evaluation framework;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

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.

The Trustees would like to thank staff, members and supporters of SCVO for contributing to an excellent year.

Approved on behalf of the Board of Trustees



Neville Mackay (Vice-Convener)

Date: 27/9/17

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: 8 December 2016
Neville Mackay (Vice-Convener)	Elected: 3 July 2014
Paul Bannon (Treasurer)	Elected: 3 July 2014
Eliot Stark	Elected: 8 December 2016
Michelle McCrindle	Elected: 8 December 2016
Gordon MacRae	Elected: 3 July 2014
Theresa Shearer	Elected: 26 November 2015
Graham Curran	Elected: 26 November 2015
Rebecca Duff	Elected: 8 December 2016
Mark O'Donnell	Co-opted: 10 December 2014, resigned November 2016
Jay Butler	Co-opted: 10 December 2014

Key Management Team

Chief Executive	Martin Sime
Deputy Chief Executive	Lucy McTernan
Director of Finance & Resources	Tim Hencher

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
36 St. Andrew Square
Edinburgh
EH2 2AD

Auditor

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Solicitors

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

Charity Registration Number

SC003558

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 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;
- observe the methods and principles of the charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the Charities Account (Scotland) Regulations 2006 (as amended). 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 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.'

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 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 2017 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).

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

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

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.

Scott Moncrieff

Scott-Moncrieff

Statutory Auditor

Chartered Accountants

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Exchange Place 3

Seample Street

Edinburgh

EH3 8BL

Date: 27/9/17

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2017

		Unrestricted Funds	Restricted Funds	Total Funds 2017	Unrestricted Funds	Restricted Funds	Total Funds 2016
Notes	£	£	£	£	£	£	£
Income from:							
Donations and legacies		1,095,029	-	1,095,029	1,078,180	-	1,078,180
Charitable activities		11,003,227	1,625,666	12,628,893	9,954,673	2,022,759	11,977,432
Investments		3,147	-	3,147	9,363	-	9,363
Total	3	<u>12,101,403</u>	<u>1,625,666</u>	<u>13,727,069</u>	<u>11,042,216</u>	<u>2,022,759</u>	<u>13,064,975</u>
Expenditure on:							
Charitable activities:							
Services to the sector		4,097,394	240,614	4,338,008	4,642,363	311,802	4,954,165
Development and capacity build		678,626	1,403,811	2,082,437	700,415	1,503,578	2,203,993
Employment initiatives		7,250,274	-	7,250,274	6,658,564	229,266	6,887,830
Total	4	<u>12,026,294</u>	<u>1,644,425</u>	<u>13,670,719</u>	<u>12,001,342</u>	<u>2,044,646</u>	<u>14,045,988</u>
Net (expenditure)/income	7	<u>75,109</u>	<u>(18,759)</u>	<u>56,350</u>	<u>(959,126)</u>	<u>(21,887)</u>	<u>(981,013)</u>
Fund balances brought forward at 1 April 2016		<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>
Fund balances carried forward at 31 March 2017	17	<u>(585,259)</u>	<u>1,271,447</u>	<u>686,188</u>	<u>(660,368)</u>	<u>1,290,206</u>	<u>629,838</u>

All amounts relate to continuing activities.

The notes on pages 13 to 30 form part of these financial statements


SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

BALANCE SHEET AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed Assets			
Tangible assets	9	7,344,911	7,007,115
Current Assets			
Debtors	10	1,198,003	917,242
Cash at bank and in hand		2,428,798	6,072,800
		<u>3,626,801</u>	<u>6,990,042</u>
Creditors: amounts falling due within one year	11	<u>(3,007,445)</u>	<u>(9,307,804)</u>
Net current assets / (liabilities)		<u>619,356</u>	<u>(2,317,762)</u>
Total assets less current liabilities		<u>7,964,267</u>	<u>4,689,353</u>
Creditors: amounts falling due after more than one year	12	<u>(3,683,519)</u>	<u>-</u>
Net assets excluding pension liability		<u>4,280,748</u>	<u>4,689,353</u>
Pension liability	12	<u>(3,594,560)</u>	<u>(4,059,515)</u>
Total net assets		<u><u>686,188</u></u>	<u><u>629,838</u></u>
Funds employed:			
Restricted funds	13	1,271,447	1,290,206
Unrestricted funds			
Designated funds	14	368,975	300,526
Pension fund	15	(3,972,661)	(4,341,087)
General funds	16	3,018,427	3,380,193
Total funds	17	<u><u>686,188</u></u>	<u><u>629,838</u></u>

The financial statements were approved and authorised for issue by the board on 27/9/17

Signed on behalf of the Board of Trustees


Neville Mackay (Vice-Convenor)

The notes on pages 13 to 30 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Cash flows from operating activities:		
Net income / (expenditure) for the year	56,350	(981,013)
Adjustments for:		
Depreciation charges	245,855	179,434
Loss on investments	-	44
Dividends, interest and rents from investments	(3,147)	(9,363)
(Increase) / Decrease in debtors	(280,761)	1,128,633
(Decrease) / Increase in creditors	(2,966,013)	2,319,438
Movement in pension obligation	-	899,859
Interest paid	112,971	120,939
Net cash (used in) / provided by operating activities	<u>(2,834,745)</u>	<u>3,657,971</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments	3,147	9,363
Purchase of property, plant and equipment	(583,651)	(661,392)
Net cash used in investing activities	<u>(580,504)</u>	<u>(652,029)</u>
Cash flows from financing activities:		
Repayments of borrowings	(115,782)	(278,634)
Interest paid	(112,971)	(135,584)
Net cash used in financing activities	<u>(228,753)</u>	<u>(414,218)</u>
Changes in cash and cash equivalents in the year	<u>(3,644,002)</u>	<u>2,591,724</u>
Cash and cash equivalents at the beginning of the year	6,072,800	3,481,076
Cash and cash equivalents at the end of the year	<u>2,428,798</u>	<u>6,072,800</u>

The notes on pages 13 to 30 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

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 6. 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.

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 consider 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 the receipt is probable, measured and entitled. 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 designated 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 (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (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) 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.

h) 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.

i) 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.

j) 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 2017 (continued)

1. Accounting Policies (continued)

k) 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.

l) Leases

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

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.

m) 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. Further details on the defined benefit scheme can be found at note 19.

n) 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.

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 19.
- 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 2017 (continued)

3. Income

	Unrestricted Funds	Restricted Funds	Total Funds 2017	Total Funds 2016
	£	£	£	£
Income from donations and legacies				
Scottish Government Core Grant	925,000	-	925,000	925,000
Charities Aid Foundation	170,029	-	170,029	153,030
Donations	-	-	-	150
	<u>1,095,029</u>	<u>-</u>	<u>1,095,029</u>	<u>1,078,180</u>
Income from charitable activities				
Scottish Government Grants				
Health work	26,486	204,478	230,964	363,638
Development project	-	-	-	10,000
Infrastructure	140,000	-	140,000	150,000
Stronger Partnerships	19,673	-	19,673	-
Asset Mapping & Learning	-	-	-	74,000
Website delivery	80,021	-	80,021	80,021
Community Jobs Scotland	7,779,170	-	7,779,170	6,494,283
Digital Participation	-	697,000	697,000	972,737
European Funding	88,299	212,163	300,462	394,460
Other Grant Income	3,750	36,136	39,886	50,439
Big Lottery	8,850	475,889	484,739	122,025
Membership services	2,711,166	-	2,711,166	2,655,474
Other Earned Income	145,812	-	145,812	610,355
	<u>11,003,227</u>	<u>1,625,666</u>	<u>12,628,893</u>	<u>11,977,432</u>
Income from investments	3,147	-	3,147	9,363
Total income	<u>12,101,403</u>	<u>1,625,666</u>	<u>13,727,069</u>	<u>13,064,975</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

4. Expenditure

	Activities undertaken	Grant funding of activities	Support costs (Note 5)	2017 Total	2016 Total
	£	£	£	£	£
Charitable activities					
Services to the sector	3,631,652	135,889	570,467	4,338,008	4,954,165
Development and capacity build	1,203,793	646,695	231,949	2,082,437	2,203,993
Employment initiatives	524,825	6,601,747	123,702	7,250,274	6,887,830
	5,360,270	7,384,331	926,118	13,670,719	14,045,988

Services to the sector costs are further analysed below:

	2017 £	2016 £
Salaries and staff costs	2,497,673	2,447,990
Pension obligations	391,648	1,214,000
Onward grants	135,129	149,622
Office costs, depreciation and bank interest	743,091	763,378
Support costs	570,467	379,175
	4,338,008	4,954,165

SCVO paid out Employment Initiatives activity grants of £6,601,747. 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.

SCVO paid out Development and Capacity Building grants of £646,695 relating to three projects (European Funding £212,163, Big Lottery £22,740 and Digital Participation Grants £411,792). These payments were made to 178 separate organisations for delivery of these projects, none of these grants are individually material and all are onward grants under the terms of the funding.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

5. Support Cost Allocation

	Accommodation £	Finance £	HR £	ICT £	Governance £	Total £
Services to the sector	21,925	183,129	132,807	202,837	29,769	570,467
Development and capacity build	78,405	54,200	39,308	60,036	-	231,949
Employment Initiatives	42,385	28,705	20,817	31,795	-	123,702
	<u>142,715</u>	<u>266,034</u>	<u>192,932</u>	<u>294,668</u>	<u>29,769</u>	<u>926,118</u>

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

Governance costs of £29,769 (2016: £22,301) include external audit fees £13,080 (2016: £12,720) and the costs of hosting Board meetings and the AGM £10,162 (2016: £9,581).

6. Staff Costs

	2017 £	2016 £
Salaries	2,892,849	2,939,483
Termination payments (redundancy)	16,108	160,294
Social security costs	287,809	291,948
Other pension costs	469,874	433,526
	<u>3,666,640</u>	<u>3,825,251</u>

The average monthly number of employees during the year was 98 (2016: 98). The termination payments include nil (2016 £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 £259,616 (2015 £255,746)

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

	2017 Number	2016 Number
£60,001 - £70,000	4	2
£70,001 - £80,000	1	3
£80,001 - £90,000	0	1
£90,001 - £100,000	1	0
£100,001 - £110,000	0	1

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

7. Net (expenditure)/income for the year

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

	2017	2016
	£	£
Depreciation	245,855	179,434
Auditor's remuneration - statutory audit services	13,080	12,720
Indemnity insurance	4,579	4,547
Operating lease rentals - equipment	54,332	54,459
- 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 4 trustees (2016: 6) amounted to £1,646 (2016: £1,928). No remuneration was received by Trustees in 2017 (2016: £nil).

During 2017 there were no payments to related parties.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

9. Fixed Assets

Tangible Assets	Land & Buildings £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 April 2016	7,957,836	506,977	417,043	8,881,856
Additions during year	527,823	55,828	-	583,651
Disposals	-	(120,936)	-	(120,936)
At 31 March 2017	8,485,659	441,869	417,043	9,344,571
Depreciation				
At 1 April 2016	1,237,566	265,237	371,938	1,874,741
Eliminated on disposal	-	(120,936)	-	(120,936)
Charge for year	151,491	85,180	9,184	245,855
At 31 March 2017	1,389,057	229,481	381,122	1,999,660
Net book amount				
At 31 March 2017	7,096,602	212,388	35,921	7,344,911
At 31 March 2016	6,720,270	241,740	45,105	7,007,115

Included within Land and Buildings are assets in the course of construction amounting to £nil (2016 £1,309,409), and land with a cost of £1,867,496 (2016: £1,867,496), these have not been depreciated. Also included are leasehold improvements with a net book value of £88,188 (2016: £104,852).

10. Debtors

	2017 £	2016 £
Due within 1 year:		
Outstanding grants	23,673	163,374
Prepayments	100,243	50,743
Other debtors	843,199	460,487
VAT	216,200	216,200
	1,183,315	890,804
Due in more than 1 year:		
Prepayments	14,688	26,438
	1,198,003	917,242

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

11. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans	133,449	3,932,750
Accruals	507,564	616,484
Deferred income	704,188	3,383,821
Other taxes and social security costs	164,557	131,294
Pension costs	40,958	38,851
Pension recovery plan	378,101	281,572
Other creditors	1,078,628	923,032
	<u>3,007,445</u>	<u>9,307,804</u>
Deferred Income		
Opening balance	3,383,821	738,517
Released in year	(3,383,821)	(738,517)
Deferred income for year	704,188	3,383,821
	<u>704,188</u>	<u>3,383,821</u>

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

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 commenced 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.

12. Creditors: amounts falling due after one year

	2017 £	2016 £
Bank loans		
Due 2-5 years	595,099	-
Due after 5 years	3,088,420	-
	<u>3,683,519</u>	-
Pension Recovery Plan	3,594,560	4,059,515
	<u>7,278,079</u>	<u>4,059,515</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

13. 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

	1 April 2016	Income	Expenditure	31 March 2017
	£	£	£	£
Capital Grants	1,290,206	-	(18,759)	1,271,447
Poverty and Health Work	-	204,478	(204,478)	-
European Funding	-	212,163	(212,163)	-
Digital Participation	-	697,000	(697,000)	-
Big Lottery	-	417,732	(417,732)	-
Open Government Pioneers	-	58,157	(58,157)	-
Other Projects	-	36,136	(36,136)	-
Total	1,290,206	1,625,666	(1,644,425)	1,271,447

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.

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

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.

Open Government Pioneers – Big Lottery grant to lead UK partnership initiative to engage civil society in developing an inclusive approach to Sustainable Development Goals drawing on open government approaches.

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

14. Designated Funds

	2017	2016
	£	£
Balance at 1 April 2016	300,526	300,526
Transfer from general funds	68,449	-
Balance at 31 March 2017	368,975	300,526

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. The transfer from general funds represents the depreciation charge for the year.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

15. Pension Fund

	2017 £	2016 £
Balance at 1 April 2016	(4,341,087)	(2,471,690)
Movement in defined benefit obligation	(345,000)	(899,859)
Transfer from/(to) general funds	713,426	(969,538)
Balance at 31 March 2017	<u>(3,972,661)</u>	<u>(4,341,087)</u>

16. General Funds

	2017 £	2016 £
Balance at 1 April 2016	3,380,193	2,469,922
Net income / (expenditure) income for year	420,109	(59,267)
Transfer to designated funds	(68,449)	-
Transfer (to)/from pension fund	(713,426)	969,538
Balance at 31 March 2017	<u>3,018,427</u>	<u>3,380,193</u>

17. Analysis of Net Assets between Funds

	Restricted Funds £	Designated Funds £	Pension Fund £	General Funds £	Total £
31 March 2017					
Tangible fixed assets	1,271,447	368,975	-	5,704,489	7,344,911
Net current liabilities	-	-	(378,101)	997,457	619,356
Long-term liabilities	-	-	(3,594,560)	(3,683,519)	(7,278,079)
	<u>1,271,447</u>	<u>368,975</u>	<u>(3,972,661)</u>	<u>3,018,427</u>	<u>686,188</u>

18. 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:

	2017 £	2016 £
Current assets		
Cash at bank and in hand	<u>15,948</u>	<u>16,198</u>
Creditors: amounts falling due within one year		
Covenant and gift aid funds	14,715	10,483
Other funds	<u>1,233</u>	<u>5,715</u>
	<u>15,948</u>	<u>16,198</u>
Total assets less liabilities	<u>-</u>	<u>-</u>

Total income administered during the year amounted to £65,486 (2016: £119) and disbursements totalled £57,259 (2016: £1,019).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

19. Pension Commitments

SCVO participates in two multi-employer Defined Benefit pension schemes

19.1 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:	£1,703,000 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 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 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Present value of provision	4,229	4,156	3,261

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

19. Pension Commitments (continued)

Reconciliation of opening and closing provisions

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Provision at start of period	4,156	3,261
Unwinding of the discount factor (interest expense)	102	71
Deficit contribution paid	(263)	(243)
Remeasurements - impact of any change in assumptions	234	(90)
Remeasurements - amendments to the contribution schedule	-	1,157
Provision at end of period	4,229	4,156

Income and expenditure impact

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Interest expense	102	71
Remeasurements – impact of any change in assumptions	234	(90)
Remeasurements – amendments to the contribution schedule	-	1,157

Assumptions

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.76	2.55	2.27

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 (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

19. 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 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Year 1	270	263	243
Year 2	279	270	250
Year 3	287	279	258
Year 4	296	287	265
Year 5	304	296	273
Year 6	314	304	281
Year 7	323	314	290
Year 8	333	323	299
Year 9	343	333	307
Year 10	353	343	317
Year 11	364	353	326
Year 12	374	364	336
Year 13	386	374	346
Year 14	397	386	-
Year 15	205	397	-
Year 16	-	205	-

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 2016. As of this date the estimated employer debt for SCVO was £28,967,304.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017 (continued)

19. Pension Commitments (continued)

19.2 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 2017 (continued)

19. 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 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Present value of provision	176	186	181

Reconciliation of opening and closing provisions

Period ending	31 March 2017 (£000s)	31 March 2016 (£000s)
Provision at start of period	186	181
Unwinding of the discount factor (interest expense)	4	3
Deficit contribution paid	(19)	(22)
Remeasurements - impact of any change in assumptions	5	(3)
Remeasurements - amendments to the contribution schedule	-	27
Provision at end of period	176	186

Income and expenditure impact

Period Ending	31 March 2017 (£000s)	31 March 2016 (£000s)
Interest expense	4	3
Remeasurements – impact of any change in assumptions	5	(3)
Remeasurements – amendments to the contribution schedule	-	27

Assumptions

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.32	2.07	1.74

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 2017 (continued)

19. Pension Commitments (continued)

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 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Year 1	20	19	22
Year 2	20	20	22
Year 3	21	20	23
Year 4	21	21	24
Year 5	22	21	25
Year 6	23	22	25
Year 7	23	23	26
Year 8	24	23	27
Year 9	12	24	-
Year 10	-	12	-

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 Growth Plan based on the financial position of the Scheme as at 30 September 2016. As of this date the estimated employer debt for SCVO was £222,298.

During the financial year an additional payment of £431,855 was made to reduce the outstanding liability. This has been reflected on the balance sheet, however, this will not be recorded in pension commitments until the next full actuarial valuation which is due to be reported based on the position as at 30 September 2017.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (continued)

20. Leasing Commitments

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

	Buildings		Office Equipment	
	2017 £	2016 £	2017 £	2016 £
Falling due				
- within 1 year	11,750	11,750	51,454	51,551
- in 1 to 5 years	47,000	47,000	91,408	135,354
- more than 5 years	14,688	26,438	-	1,913
	<u>73,438</u>	<u>85,188</u>	<u>142,862</u>	<u>188,818</u>

21. Lessor Income

The total future minimum rental income under operating leases

	2017 £	2016 £
Expiring within 1 year	<u>162,772</u>	<u>123,339</u>

22. Capital Commitments

At 31 March 2017 a capital commitment of £nil (2016: £313,886) existed relating to the renovation of Edward House in Glasgow.

23. Financial Instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at amortised cost	<u>3,295,670</u>	<u>6,696,661</u>
Financial liabilities		
Financial liabilities measured at amortised cost	5,444,118	5,511,117
Financial liabilities measured at fair value through the SOFA	<u>3,972,661</u>	<u>4,341,087</u>
	<u>9,416,779</u>	<u>9,852,204</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.