



Scottish Council for Voluntary Organisations

Report and Financial Statements

Year ended 31 March 2014

Company No: SC24591 Charity No: SCO03558

**FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014**

CONTENTS	PAGE
DIRECTORS ANNUAL REPORT	2
STRATEGIC REPORT	5
STATEMENT OF DIRECTORS' RESPONSIBILITIES	11
INDEPENDENT AUDITOR'S REPORT	12
INCOME AND EXPENDITURE ACCOUNT	14
STATEMENT OF FINANCIAL ACTIVITIES	15
BALANCE SHEET	16
CASH FLOW STATEMENT	17
NOTES TO THE FINANCIAL STATEMENTS	18

DIRECTORS ANNUAL REPORT

The Directors present the annual report together with the audited financial statement for the year ended 31 March 2014.

ABOUT US

The Scottish Council for Voluntary Organisations (SCVO) is the national body for Scotland's charities, voluntary organisations and social enterprises.

SCVO works in partnership with the voluntary sector to advance our shared values and interests. We have over 1600 members from grassroots groups, to Scotland-wide organisations and intermediary bodies. Through lobbying and campaigning SCVO works to advance the interests of our members and the people and communities that they support.

OUR PURPOSE

Vision

- Our vision is of a fair and just society in Scotland, where the role, contribution and potential of the third sector is valued and understood.

Mission

- To support people to take voluntary action to help themselves and others, and to bring about social change.

Strategic priorities

- We support voluntary organisations to achieve their work
- We promote and support the shared interests of the third sector
- We connect people with ways to get involved with their communities
- As an organisation we will continually learn, develop and enhance our own effectiveness

OUR GOVERNANCE

Management Board

SCVO is governed by a Management Board with representatives elected by our members from the Policy Committee. The members of the Board are the Company Directors responsible for the strategic management of the organisation.

Directorate

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

Policy Committee

The Policy Committee is elected to represent the views of the voluntary sector. It is the role of the Committee to determine policies which reflect the best interests of Scottish voluntary organisations and to represent these interests to government, local authorities, the private sector and the public at large.

Directors Annual Report (continued)

The Strategic Role of SCVO

The purpose and priorities stated above form the basis of SCVO's Strategic Plan to 31 March 2015.

To deliver on our mission 'To support people to take voluntary action to help themselves and others, and to bring about social change' the strategic plans defines three overarching objectives of:

- Ensuring all people forming, changing and developing third sector organisations can access quality advice and support - through direct provision and by facilitating other organisations
- Supporting third sector organisations - through influencing policy, practical support and brokering collaboration - to contribute to creating a better Scotland, through public services and wider public benefit
- Connecting people with ways to get involved with their communities - through volunteering, working, training, giving, and trusteeship

These overall objectives form the core of SCVO's work, and specific activities are grouped within them.

GRANT MAKING

SCVO has in the past year obtained grants from Government and trusts 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.

ASSOCIATED UNDERTAKING — WORKWITHUS.ORG LIMITED

Workwithus.org was established to develop and run a voluntary sector Portal Site on the Internet. At 31 March 2014, the company owned 44% of the shares (2013: 44%).

AUDITOR

It is the director's assessment that all necessary steps have been taken to ensure that the auditors have been made aware of all relevant audit information and as such there is no relevant audit information which the auditors have not been made aware of.

LEGAL AND ADMINISTRATIVE INFORMATION

The Scottish Council for Voluntary Organisations (SCVO) is a Scottish Charity, Registration Number SC003558.

It is a private company limited by guarantee with no share capital, registration number 24591. The operation of SCVO is governed by its Memorandum and Articles of Association.

Directors Annual Report (continued)

DIRECTORS

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

Dr Alison Elliot (Convener)	Elected: 29 November 2007, resigned 21 November 2013
Andrew Jackson	Elected: 25 November 2009, resigned 4 September 2013
Neville Mackay (Co-opted)	Co-opted: 12 March 2009
Richard Hamer	Elected: 23 November 2011
Carole Patrick	Elected: 23 November 2011
Stephen P Osborne (Vice-Convener)	Elected: 23 November 2011
Paul Bannon (Treasurer)	Elected: 21 November 2012
Eliot Stark	Elected: 21 November 2012
Margaret McLeod	Elected: 21 November 2012, resigned 21 November 2013
Susan Archibald	Elected: 21 November 2012

New Directors:

Shulah Allan (Convener)	Elected: 21 November 2013
Michelle McCrindle	Elected: 21 November 2013
Gordon MacRae	Elected: 21 November 2013

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

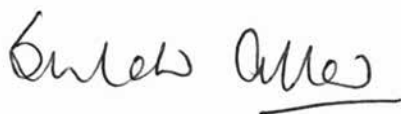
Auditor

BDO LLP
65 Haymarket Terrace
Edinburgh, EH12 5HD

Solicitors

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

On behalf of the Management Board



10-9-14

Shulah Allan (Convener)

STRATEGIC REPORT

This strategic report is based on the report to the Board on SCVO operational activity for the period 1 April 2013 to 31 March 2014. It is the report of the middle year of the current strategic plan cycle, and is organised according to the objectives, as above.

We support third sector organisations to achieve their work.

Information Service

The Information Service received 1,566 enquiries in the year with an increase in complexity and a shift towards 'advice' from basic 'information'.

During the year we undertook a rationalisation of the information held on our website, and better signposting to subject expertise. We also developed 'blogging' as a means to highlight current and key concerns. The Scottish National Rural Network is a good example of a specialist information and support programme delivered by SCVO. It again produced 48 bulletins this year, achieving good engagement and feedback.

Membership and services

This was a particularly good year for membership recruitment, with a net increase of 132 to 1600, our highest recorded level.

Our services have continued to perform well against previous experience and operational targets. The Payroll Service averaged 430 clients and 80,324 payslips were processed over the year, slightly up on 2012-13, and our brokered services surpassing income projections.

Goodmoves recruitment service performed exceptionally well, with 850 organisations advertising jobs (805 organisations last year) and enjoying 14,723 email subscribers and 23,114 website visits per week. At the turn of the year the service was well on target to develop further activity in England and to launch in Brussels at European level.

Networks

SCVO continued to prioritise bringing together colleagues from across the sector to share information and expertise and to support each other's work. The Policy Officer Network has had a particularly important focus on the developing referendum debate and hosted a series of meetings with both 'Yes' and 'No' campaigns. Engagement with the Communications Officers network continued to be lively, and the Intermediaries network — the grouping of those working at 'second-tier' level in the sector - benefited from a refresh exercise, which has reshaped its way of working and opened the door to new members. As Government and others look to develop strategies for strengthening the sector post-referendum this network looks set to be a key forum going forward.

Strategic Report (continued)

Work to develop a specific network for trustees, while still low level in scale, has enjoyed further development in the final part of the year in terms of work programme and content and already is showing signs of being an attractive and useful new facility for the key individuals who support our sector in governance roles.

We continued to look beyond our own borders to connect with other likeminded organisation this year, with our membership of ENNA — the European third sector umbrella - proving valuable in both policy and service terms.

Capacity Building programmes

The significant Supporting Voluntary Actions programme, which accounted for a substantial level of activity in previous years, came to a formal and satisfactory end during this year. A key legacy of the programme is the continued use and development of the 'Milo' database, which is now fully operational across all 32 Third Sector Interfaces and is engaging over 750 individual users across the country. Milo data continues to expand with organisational records increased by 2,000 and volunteers records up by a welcome 10,000. Work to improve the extent and currency of the data remains a key priority with a new dedicated team being recruited at the end of the reporting year.

Digital Inclusion

Milo has also played an invaluable role in kick-starting a very significant new area of work for SCVO during the year helping third sector organisations become more 'digitally savvy', using technology to help them deliver their work more effectively. We also hope to encourage them to reach out to their members and users to help individuals get acquainted with the benefits of the internet.

A major conference in the early part of the year around welfare reform highlighted the concerns many of our members have about the UK Government 'Digital by Default' agenda which may leave many already vulnerable people even more exposed, if they can't access benefits and services online.

With support from the Scottish Government we were able to create a new team and resource to pursue this work, welcoming a new director, Chris Yiu, in November.

Supporting and Developing Third Sector Hubs

Another significant new addition to SCVO this year has been the acquisition of Hayweight House in December. This bright and airy office building in the west end of Edinburgh is already proving an attractive new shared office space and important enhancement of our estate and shared service hubs offering.

We promote and support the shared interests of the third sector in Scotland

News and Media

This has been an important developmental year for SCVO in terms of our approach to media and public affairs. We re-launched our newspaper Third Force News as a digital platform and our social media activity has significantly increased with @scvotweet enjoying over 4000 followers at the turn of the year. While we still offer the TFN printed paper, weekly, for those we know prefer to keep up to date this way, we expect our digital traffic and engagement to develop at pace.

Policy and Influencing

SCVO continues to be a high profile and influential presence in the public policy domain, scoring well in independent research in terms of familiarity and approval with parliamentarians.

Strategic Report (continued)

A high level of policy activity has seen over 100 hundred formal meetings with Government and politicians, evidence to 16 parliamentary committee sessions, and 72 formal briefings and consultation responses.

This year has seen a particular policy focus on the third sector's contribution to health and social care as the Scottish Government introduced the Public Bodies Joint Working Bill to Parliament. Represented at the highest level by Alison Elliott on the Ministerial Strategy Group, we succeeded in highlighting the key contribution voluntary organisations can and should make to reshaping care services and moving the emphasis, and investment 'upstream' to a more preventative approach. Work continues to turn this into real and practical change across the new Health and Social Care Partnerships.

A key contribution to this will be the implementation of a new 'pathfinder' project, resources for which were secured in the autumn.

A Quality, Training and Events Programme

As well as delivering training for 95 participants, SCVO this year rolled out a strong programme of events, including being a host partner of the international City Health conference in November at the Glasgow Science Centre.

The Scottish Charity Awards were again a major success with thousands of people voting to support their favourite nominee in the peoples' choice awards and nearly 400 people attending the heart-warming awards ceremony at the Fruitmarket in Glasgow.

The Gathering

Going from strength to strength and now undeniably a key point in the third sector's calendar the Gathering this year attracted 16% more people over the two days. Highlights were speeches from First Minister Alex Salmond and former Chancellor of the Exchequer Alistair Darling, in their capacities, respectively, as leaders of the 'Yes' and 'No' campaigns of the Independence referendum.

We connect people with ways to get involved with their communities

Third Sector Internships

The creation of 75 paid student internships under the 'TSIS' programme supported by Further Education Scotland this year introduced a keen cohort of undergraduates to potential careers in the third sector. An additional 133 graduates enjoyed a career start in creative roles in third sector organisations through the Creative Industries Internship programme supported by Creative Scotland. A new internship programme targeting graduates from BME communities and those with long term conditions or disabilities was launched towards the end of the reporting period, with nearly a hundred starting before the year end.

Community Jobs Scotland (CJS)

SCVO continues to support both individual job-seekers and voluntary organisation by delivering the highly-successful Community Jobs Scotland programme. So-called 'phase two' rolled out this year, with 1,362 young people having completed their CJS job, with almost half (48.5%) moving directly into employment or education and a further 6% continuing to engage through volunteering. These outcomes compare exceptionally well with other programmes elsewhere and in acknowledgement the Scottish Government decided in February to fund an additional 255 starts, all of which were in place, before the year-end.

As an organisation we will continually learn, develop and enhance our own effectiveness

Strategic Report (continued)

An outcome approach

In March SCVO's Board approved a new operational plan for the organisation which deliberately differed from the style and format of its predecessors, identifying outcomes for each area of work, and work to develop measures and indicators to demonstrate our progress towards them. It is anticipated that this approach will evolve more fully in the new three year strategic plan and future reports.

Planning, reporting and evaluation

SCVO is putting effort into evaluation because:

- It is a management tool which will help optimise organisational performance;
- It is an accountability tool which will help reassure funders, regulators, and supporters;
- It is a strategic tool which will help position the organisation, prioritise, and plan for the greatest impact.

It is planned to develop a new impact reporting framework which synthesises the new outcomes-related data and produce a report from it twice-yearly.

Additional evaluation is also undertaken at project level, for example Community Jobs Scotland, as well as surveys of staff, members and stakeholders.

Governance Review

The Governance review begun in the previous reporting year concluded its work with a report to the AGM in November with a proposition to the membership that SCVO become a Scottish Charitable Incorporated Organisation. This was agreed. The transition was expected to take place mid 2014.

Risk Management

The directors have adopted a structured approach to risk management and incorporated risk management into its management practices. A regular review of the risks facing the organisation, the risk mitigation possible, the impact and likelihood is carried out on a regular basis. In addition to the above the Finance and General Purposes Committee carried out a review of key strategic risks 2013/14.

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

The Management Board 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.

Strategic Report (continued)

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 directors
- Regular consideration by the directors 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

Future developments

Following the new developments mentioned in this report, SCVO anticipates steady growth in demand for managed office, digital and other services. New European funding has been acquired to support capacity building work, including in rural Scotland. Work is underway to construct a new Strategic Plan within the context of our new legal personality, formally established in July, 2014.

However the political climate will remain highly volatile for the immediate future and this, along with more public expenditure cuts, will slow down efforts to establish the third sector as major players in the reform of public services. The ongoing and corrosive impact of welfare reform will continue to stoke demand for voluntary sector support services.

SCVO intends to campaign to protect the rights and liberty of voluntary organisations to campaign for change and we will work in a closer partnership with colleagues in other parts of civil society on this and other shared objectives.

Acknowledgement

SCVO gratefully acknowledges the contribution of £126,230 from the Big Lottery Fund to Supporting Voluntary Action (SVA), a programme to strengthen local support for the voluntary sector in Scotland.

Strategic Report (continued)

Results

Funds employed stand at £4,934,914 (2013: £4,782,599) of which £1,343,052 (2013: £1,402,931) is of a restricted nature. The directors in considering their on-going commitments have designated in total £892,630 (2013: £753,826) as detailed in note 15 to the financial statements.

Designated funds have been established to:

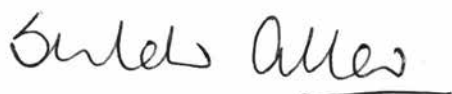
- Avoid the necessity of realising fixed assets held for the charity's use or selling investments at an inappropriate state of the market
- Equate to the unrealised appreciation of the value of its investments
- Equate to tangible assets, other than property, required by SCVO to run its operations
- To set aside funding to help meet future obligations to fund the Pension Scheme deficit recovery plan

Unrestricted reserves are required to:

- Allow investment in new projects which will further SCVO's objectives
- Cover staff and operating costs on a short term basis to allow for re-organisation in the event of a significant decrease in income

The reserves policy adopted by the Board is based on the major risks facing the organisation. An estimate has been made of the likely monetary impact and risk weighting based on the likelihood of an unforeseen event occurring. This allows a monetary value to be assigned to the reserves required. The level of reserves is monitored by the directors on a quarterly basis and at 31 March 2014 the unrestricted general reserves stood at £2,699,232 (2013: £2,625,842), an amount the Board considers sufficient to meet operating costs for three months and to contribute to the investment required to implement SCVO's forward plan.

On behalf of the Management Board



10-9-14

Shulah Allan (Convener)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Results

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

Company law and Charity law requires the Directors 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 company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 Directors are required to:
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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 Directors 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 Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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

We have audited the financial statements of SCVO for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, 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 directors and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's directors and members 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 directors and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 charitable company's affairs as at 31 March 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Annual Report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

3 November 2014

Martin Gill
Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Edinburgh
United Kingdom
Date:

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).

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 MARCH 2014

	Note	2014 £	2014 £	2014 £	2013 £
		Unrestricted	Restricted	Total	Total
Income	1b	12,606,290	579,646	13,185,936	14,498,625
Expenditure		12,406,337	639,525	13,045,862	14,505,137
Gross surplus/(deficit)	7	199,953	(59,879)	140,074	(6,512)
Bank interest receivable		12,241	-	12,241	15,110
Surplus/(deficit) for the year		212,194	(59,879)	152,315	8,598

All amounts relate to continuing operations.

The unrestricted surplus of £212,194 is the surplus generated from unrestricted operations.

The restricted deficit of £59,879 represents the depreciation charged on Fairways House in Inverness.

There were no other gains and losses other than the surplus for the year.

STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2014

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
INCOMING RESOURCES					
Incoming resources from generating funds					
Voluntary income	2	1,604,474	-	1,604,474	1,611,311
Investment income		12,241	-	12,241	15,110
Incoming resources from charitable activities					
Services to the sector		2,677,843	-	2,677,843	2,225,765
Development & capacity build		808,008	453,416	1,261,424	937,876
SVA Programme (Big Lottery)		-	126,230	126,230	1,265,185
Employment initiatives		7,515,965	-	7,515,965	8,458,488
Total incoming resources		12,618,531	579,646	13,198,177	14,513,735
RESOURCES EXPENDED					
Charitable activities					
Services to the sector		3,191,688	59,879	3,251,567	2,766,653
Development and capacity build		1,285,067	453,416	1,738,483	1,373,613
SVA Programme (Big Lottery)		-	126,230	126,230	1,265,185
Employment initiatives		7,882,602	-	7,882,602	9,068,252
Governance costs		46,980	-	46,980	31,434
Total resources expended	3	12,406,337	639,525	13,045,862	14,505,137
Net movement in funds		212,194	(59,879)	152,315	8,598
Fund balances brought forward at 1 April 2013		3,379,668	1,402,931	4,782,599	4,774,001
Fund balances carried forward at 31 March 2014	14, 15, 16	3,591,862	1,343,052	4,934,914	4,782,599

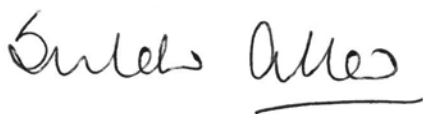
**BALANCE SHEET
AS AT 31 MARCH 2014**

Company No: SC24591

	Note	2014 £	2013 £
Fixed Assets			
Tangible assets	9	5,219,016	3,703,689
Investments	10	44	44
		5,219,060	3,703,733
Current Assets			
Debtors	11	2,195,333	2,090,680
Cash at bank and in hand		1,299,162	2,939,223
		3,494,495	5,029,903
Creditors: amounts falling due within one year	12	(2,255,219)	(2,375,458)
		1,239,276	2,654,445
Net current assets			
		6,458,336	6,358,178
Total assets less current liabilities			
Creditors: amounts due greater than one year	13	(1,523,422)	(1,575,579)
		4,934,914	4,782,599
Total assets less liabilities		4,934,914	4,782,599
Funds employed:			
Restricted funds	14	1,343,052	1,402,931
Unrestricted funds			
Designated funds:	15	892,630	753,826
General funds	16	2,699,232	2,625,842
		4,934,914	4,782,599
Total funds	17	4,934,914	4,782,599

The financial statements were approved and authorised for issue by the board on 10-9-14

Signed on behalf of the board of directors



Shulah Allan (Convener)

CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	22a	187,203	(1,656,235)
Returns on investments and servicing of finance			
Interest received		12,241	15,110
Interest paid		(40,576)	(45,507)
		(28,335)	(30,397)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,748,082)	(91,214)
Receipts on sale of tangible fixed assets		-	-
		(1,748,082)	(91,214)
Financing			
Repayment of secured loan		(50,847)	(33,933)
Decrease in cash	22b	(1,640,061)	(1,811,779)
Reconciliation of net cash flow to movement in net cash and liquid resources (Note 22b)			
		2014 £	2013 £
Decrease in cash		(1,640,061)	(1,811,779)
Cash outflow from decrease in debt financing			
Loan Repayment		50,847	33,933
Movement in net cash and liquid resources		(1,589,214)	(1,777,846)
Net funds at 1 April 2013		1,286,156	3,064,002
Net (debt)/funds at 31 March 2014	22b	(303,058)	1,286,156

NOTES TO FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014

1. Accounting policies

a) Basis of Preparation

The financial statements are prepared under the historical cost convention, with the exception of listed investments, which are included in the balance sheet at market value. The financial statements have been prepared in accordance with the revised Statement of Recommended Practice for Accounting and Reporting by Charities (revised 2005), adapted to reflect the requirements of Scottish Law.

As allowed by paragraph 4(1) of Schedule 1 to S1 2008 No. 410 "The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" the directors have, due to the special nature of the company's business, adapted the prescribed format for the profit and loss account.

In accordance with s405 and 402 of the Companies Act 2006 the accounts represent the company's figures and do not include any of the associated company's transactions.

b) Incoming Resources — Grants Receivable and Other Income

It is the company'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 company charges for services as part of its charitable activities and income is recognised on a receivable basis. Such income is included as other income.

c) Resources Expended

Resources expended are included in the statement of financial activities on an accruals basis, inclusive of any VAT which can not 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.

d) Resources Expended

Direct costs are charged to the charitable activities and support costs have been allocated to all activities on the 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.

Governance costs are charged directly and include audit fees and committee expenses.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

1. Accounting Policies (continued)

e) Tangible Fixed Assets and Depreciation

Fixed assets are initially recorded at cost. 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 — 25 years

Freehold land is not depreciated

f) Investments

Listed investments are shown in the balance sheet at market value. Any unrealised gains or losses are credited or charged to the investment revaluation reserve.

g) Funds

General funds are unrestricted funds which are available for use at the discretion of the directors 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 directors 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.

h) Leases

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

i) Pensions

The company contributes to an AEGON defined contributions pension arrangement for staff. The company makes a maximum contribution of 9% of the employees gross salary to the scheme.

j) 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.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

2. Incoming resources

	2014 £	2013 £
Voluntary income		
Donations and gifts	800	500
Membership subscriptions	242,560	223,311
Core funding grant	1,361,114	1,387,500
	<u>1,604,474</u>	<u>1,611,311</u>

3. Resources expended

	Governance £	Activities undertaken £	Grant funding of activities £	Support costs £	2014 Total £	2013 Total £
Charitable activities						
Services to the sector	-	2,917,314	-	334,253	3,251,567	2,766,653
Development and capacity build	-	1,419,239	-	319,244	1,738,483	1,373,613
SVA Programme (Big Lottery)	-	126,230	-	-	126,230	1,265,185
Employment initiatives	-	1,396,640	6,303,167	182,795	7,882,602	9,068,252
		<u>5,859,423</u>	<u>6,303,167</u>	<u>836,292</u>	<u>12,998,882</u>	<u>14,473,703</u>
Governance costs						
Governance	46,980	-	-	-	46,980	31,434
Total resources expended	<u>46,980</u>	<u>5,859,423</u>	<u>6,303,167</u>	<u>836,292</u>	<u>13,045,862</u>	<u>14,505,137</u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

4. Support cost allocation

	Accommodation £	Finance £	HR £	ICT £	Total £
Services to the sector	(2,433)	127,233	77,876	131,577	334,253
Development and capacity build	116,633	76,567	46,864	79,180	319,244
Employment Initiatives	66,304	44,022	26,944	45,525	182,795
Total	180,504	247,822	151,684	256,282	836,292

5. Taxation

The company is accepted as a charity for taxation purposes. It is considered that no liability to corporation tax will arise on the results of the year.

6. Staff Costs

	2014 £	2013 £
Salaries	2,861,226	2,946,885
Social security costs	289,271	289,653
Other pension costs	285,341	177,057
	<u>3,435,838</u>	<u>3,413,595</u>

The average number of full time equivalent employees during the year was 99 (2013: 94). One member of staff earned between £60,000 and £70,000 (2013: one), and one member of staff earned between £70,000 and £80,000 (2013: one). Both members of staff contributed to a money purchase pension scheme.

Included within staff costs are redundancy costs amounting to £18,938 (2013: £43,915).

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

7. Gross surplus/(deficit) for the year

The gross surplus/ (deficit) is stated after charging:

		2014	2013
		£	£
Depreciation		232,755	240,170
Auditors' remuneration	statutory audit services	13,772	12,080
Non-audit services		-	-
Indemnity insurance		6,010	6,045
Operating lease rentals	equipment	30,826	8,199
	Property	16,650	12,768

8. Directors' Expenses

Directors are reimbursed for expenses incurred on travel and subsistence in the performance of their duties as directors. The cost in 2014 was £934 (2013: £1,594). No remuneration was received by directors in 2014 (2013: £nil).

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

9. Fixed Assets

Tangible Assets	Land & Buildings	Computer Equipment	Fixtures & Fittings	Total
	£	£	£	£
Cost				
At 31 March 2013	4,426,337	187,731	385,731	4,999,799
Additions during year	1,693,437	46,467	6,178	1,748,082
Disposals during year	-	-	-	-
At 31 March 2014	6,119,774	236,198	391,909	6,747,881
Depreciation				
At 31 March 2013	852,550	120,292	323,268	1,296,110
Charge for year	174,802	39,447	18,506	232,755
Disposals during year	-	-	-	-
At 31 March 2014	1,027,352	159,739	341,774	1,528,865
Net book amount				
At 31 March 2014	5,092,422	76,459	50,135	5,219,016
At 31 March 2013	3,573,787	67,439	62,463	3,703,689

Included within Land and Buildings are leasehold improvements with a net book value of £138,180 (2013: £154,845).

Included within Land and Buildings is land with a cost of £1,499,956 (2013: £1,085,000).

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

10. Fixed Asset Investments

	2014	2013
	£	£
Unlisted investments		
Market value at 31 March 2013	44	44
Disposals at cost	-	-
	<u>44</u>	<u>44</u>
Market value at 31 March 2014	44	44
	<u>44</u>	<u>44</u>
Historical cost at 31 March 2014	44	44
	<u>44</u>	<u>44</u>

This investment represents shares issued by Workwithus.org Limited.

This investment represents 44% of the shares issued by Workwithus.org Limited.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

11. Debtors

	2014 £	2013 £
Due within 1 year:		
Outstanding grants	94,517	102,254
Prepayments	25,390	100,309
Other debtors	1,781,066	1,826,429
VAT	244,422	-
	<u>2,145,395</u>	<u>2,028,992</u>
Due in more than 1 year:		
Prepayments	49,938	61,688
	<u>2,195,333</u>	<u>2,090,680</u>

Six years rent has been paid in advance for the offices at the Mansfield Traquair Centre in Edinburgh.

12. Creditors: amounts falling due within one year

	2014 £	2013 £
Bank loan	78,798	77,488
Accruals	460,365	546,372
Deferred income	585,268	602,281
Other taxes and social security costs	113,643	163,840
Pension costs	31,302	23,097
Other creditors	985,843	962,380
	<u>2,255,219</u>	<u>2,375,458</u>
Deferred Income		
Opening balance	602,281	1,091,227
Released in year	(602,281)	(1,091,227)
Deferred income for year	585,268	602,281
	<u>585,268</u>	<u>602,281</u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

13. Creditors; amounts falling due after one year

	2014 £	2013 £
Bank loan		
Due 2-5 years	315,191	309,950
Due after 5 years	1,208,231	1,265,629
	<u>1,523,422</u>	<u>1,575,579</u>

The bank loan is secured on Brunswick House and Fairways House.

The loan is repayable in instalments, which commenced in August 2012. Interest is payable on this loan at a rate of 1.5% above the bank's base rate, subject to a minimum charge of 2.5% per annum.

14. Restricted Funds

	Capital Grants £	Total 2014 £	Total 2013 £
Balance at 31 March 2013	1,402,931	1,402,931	1,463,508
Deficit for year	(59,879)	(59,879)	(60,577)
Balance at 31 March 2014	<u>1,343,052</u>	<u>1,343,052</u>	<u>1,402,931</u>

The 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.

15. Designated Funds

	Pension deficit Reserve £	Employment Reserve £	Other Tangible Assets Reserve £	TOTAL £
Balance at 31 March 2013	295,699	165,272	292,855	753,826
Transfer (to)/ from general funds	313,378	(165,272)	(9,302)	138,804
Balance at 31 March 2014	<u>609,077</u>	<u>-</u>	<u>283,553</u>	<u>892,630</u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

15. Designated Funds (continued)

Employment Reserve

The reserve had been created to cover the on-going costs of the Employment activities.

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. It excludes fixed assets that have been funded by grants for which a restricted fund exists and property which is held within general funds.

Pension Deficit Reserve

This reserve has been created to set aside funding to help meet future obligations to fund the SVSPS deficit recovery plan. This currently represents two years deficit funding. The Board anticipates transferring more into the reserve should funding allow it.

16. General Funds

	2014 £	2013 £
Balance at 31 March 2013	2,625,842	2,733,577
Surplus for year	212,194	69,175
Transfer from/(to) designated funds	(138,804)	(176,910)
	<hr/>	<hr/>
Balance at 31 March 2014	<u>2,699,232</u>	<u>2,625,842</u>

17. Analysis of Net Assets between Funds

	Restricted Funds £	Designated Funds £	General Funds £	2014 £	2013 £
Tangible fixed assets	1,343,052	283,553	3,592,411	5,219,016	3,703,689
Investments	-	-	44	44	44
Net current assets	-	609,077	630,199	1,239,276	2,654,445
Long-term liabilities	-	-	(1,523,422)	(1,523,422)	(1,575,579)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,343,052</u>	<u>892,630</u>	<u>2,699,232</u>	<u>4,934,914</u>	<u>4,782,599</u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

18. Administered Funds

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

	2014 £	2013 £
Current assets		
Cash at bank and in hand	25,408	29,143
Creditors: amounts falling due within one year		
Covenant and gift aid funds	17,230	23,480
Other funds	7,578	5,663
Other creditors		
	25,408	29,143
Total assets less liabilities	-	-

Total income administered during the year amounted to £38,486 (2013: £25,000) and disbursements totalled £42,221 (2013: £39,023).

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013 (continued)

19. Pension Commitments

Scottish Council for Voluntary Organisations participates in the Scottish Voluntary Sector Pension Scheme ('the Scheme'). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and was contracted-out of the State scheme until 31 March 2010, when the Scheme was closed to future accrual.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 30 September 2007. From October 2007 there were two benefit structures available, final salary with a 1/60th accrual rate and final salary with an 1/80th accrual rate, until the date of Scheme closure on 31 March 2010.

The Scheme closed to future accrual on 31 March 2010. There is currently no intention to wind-up the Scottish Voluntary Sector Pension Scheme and it continues in paid-up form.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011, by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at 30 September 2011 was £66.2 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £28.8 million (equivalent to a past service funding level of 69.7%).

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Rate of return pre retirement	5.8
Rate of return post retirement	4.0
Rate of salary increases	4.4
Rate of pension increases pre 5 April 2005	2.4
Rate of pension increases post 5 April 2005	1.9
Rate of price inflation (CPI)	2.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

19. Pension Commitments (continued)

From 1 April 2013 a new recovery plan came into effect, following the finalisation of the 2011 valuation. Confirmation of the contributions payable from 1 April 2014 to 31 March 2015 were advised to employers by letter in February 2014.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the entire funding shortfall, by 31 March 2028.

A copy of the recovery plan must be sent to The Pensions Regulator after each valuation is finalised. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the recovery plan or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).

The recovery plan from the 2011 valuation has been submitted to The Pensions Regulator and a response is awaited.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £81 million (from £73m at 30 September 2012) and indicated a decrease in the shortfall of assets compared to liabilities to approximately £34 million (from £36m at 30 September 2012), equivalent to a past service funding level of 71% (from 67.2% at 30 September 2012).

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer becoming insolvent or ceasing to participate in the Scheme, or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

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 2013. As of this date the estimated employer debt for SCVO was £12,966,158.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

20. Leasing Commitments

The company had the following annual commitments under non-cancellable operating leases

	Buildings		Office Equipment	
	2014	2014	2013	2013
	£	£	£	£
Expiring				
- within 1 year	-	-	3,794	7,641
- in 1 to 5 years	-	-	37,499	9,629
- more than 5 years	11,750	11,750	5,665	-
	11,750	11,750	46,958	17,270

21. Associated Company

At 31 March 2014, the company owned 44% of the shares in Workwithus.org Limited. Currently the company appoints one director to the Board of Workwithus.org Limited. Included within other debtors is a balance due from Workwithus.org Limited of £25,377 (2013: £38,286). A summary of the trading results for the period to 31 March 2014 is shown below.

	2014	2013
	£	£
Turnover	138,580	130,734
Cost of sales and administration expenses	140,489	133,970
Net profit/(loss)	(1,909)	(3,236)
Interest receivable	48	56
Profit on ordinary activities before taxation	(1,861)	(3,180)
Tax on profit on ordinary activities	-	-
Retained in the associate	(1,861)	(3,180)
The assets and liabilities of the associate were:		
Fixed assets	-	-
Current assets	74,909	126,142
Creditors — amounts falling due within one year	(74,211)	(123,583)
Total net liabilities	698	2,559
Aggregate share capital and reserves	698	2,559

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014 (continued)

22. Notes to the Statement of Cash Flows

a) Reconciliation of surplus for the year before transfers to net cash inflow from operating activities.

	2014	2013
	£	£
Surplus for the year before transfers	152,315	8,598
Depreciation	232,755	240,170
Increase in debtors	(104,653)	(770,992)
Decrease in short term creditors	(121,549)	(1,164,408)
Income from investments and finance costs	(12,241)	(15,110)
Interest paid	40,576	45,507
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	187,203	(1,656,235)
	<hr/> <hr/>	<hr/> <hr/>

b) Analysis of net cash and liquid resources

	At 1 April 2013	Cash Flow	Other Non Cash Changes	At 31 March 2014
	£	£	£	£
Cash at bank and in hand	2,939,223	(1,640,061)	-	1,299,162
Debt due < 1 year	(77,488)	50,847	(52,157)	(78,798)
Debt due > 1 year	(1,575,579)	-	52,157	(1,523,422)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash	1,286,156	(1,589,214)	-	(303,058)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23. Grant funding of activities

As indicated in note 3, SCVO paid out £6,303,167 in grants in the year. SCVO is not generally a grant making charity. Employment Initiatives activity grants of £5,979,868 were made to organisations for delivery of Community Jobs Scotland.

24. Post Balance Sheet events

On 3rd July 2014 SCVO converted from a Company Limited by Guarantee to a Scottish Incorporated Charitable Organisation ('SCIO'). This means that SCVO is no longer a charitable company and from the date of conversion is a SCIO having charitable status under the Charities and Trustee Investment (Scotland) Act 2005.

As part of the conversion process SCVO has adopted a new constitution; its charitable purposes remain as before.

In April 2014 SCVO drew down a loan of £1,266,495 for the purchase of Hayweight House that was purchased in December 2013. The loan is interest only until May 2016 and then capital and repayment to the end of its term.



Connect with us:

General enquiries

enquires@scvo.org.uk

SCVO Information Service

FREEPHONE 0800 169 0022

Facebook

www.facebook.com/SCVO01939

Twitter

twitter.com/scvotweet

Visit our website

www.scvo.org.uk

Annual Report & Financial Statement download

www.scvo.org.uk/annualreport