

**Scottish Council for
Voluntary Organisations**

Report & Financial Statements

Year ended 31 March 2013



**FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2013**

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Management Board Report

The Management Board presents its annual report together with the audited financial statement for the year ended 31 March 2013.

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 1400 members who range from individuals and 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 do 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 OUTCOMES

- A fair and just society in Scotland where the role, contribution and potential of the third sector is valued and understood
- Improved outcomes for third sector organisations and the people served by them
- National policy agenda responds to and addresses the needs and ambitions of the third sector
- Voluntary action helps people and brings social change
- Best practice in running voluntary organisations is maximised and sustained

Management Board Report (continued)

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 acts in an advisory capacity to our Management Board. 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.

The Strategic Role of SCVO

The Purpose and Outcomes stated above form the basis of SCVO's Strategic and Operational Plan to 31 March 2015.

SCVO's mission 'To support people to take voluntary action to help themselves and others, and to bring about social change' is defined by our overall 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.

REVIEW OF THE YEAR

This review of the year is based on the report to the Board on SCVO operational activity for the period 1 April 2012 to 31 March 2013. It is the second full year report to the Board on the current operational plan.

To illustrate the work of SCVO we have selected a few key areas of activity under two key themes:

- We support third sector organisations to achieve their missions
- We promote and support the shared interests of the third sector in Scotland

Management Board Report (continued)

We support third sector organisations to achieve their missions

Information Service

The Information Service received 1,561 enquiries - 752 by email, with 714 by telephone - covering 2,194 issues, where the complexity of enquiries and the time taken to deal with them has increased.

The trend for more people to access the information they require via our website resulted in 105,000 visits to the information section of the SCVO website in 2012/13, with visits to the information pages accounting for 36% of all website visits.

The Scottish National Rural Network (SNRN) and Rural Direct

48 ebulletins a year, with 55,347 visits to the website (35,357 unique visitors and 150,449 page views) and SNRN events with attracted 327 people receiving positive evaluations.

Rural Direct supported 280 new groups this year and continues to provide support for others. Total groups supported since 2009 now stand at 1,299.

Goodmoves

Goodmoves — the third sector recruitment site - continues to go from strength to strength and has its best ever year in the history of the service. With 2,453 jobs advertised (up 56% from 2011-12) for 805 organisations (up 32% from previous year), 17,200 email subscribers, and a website receiving 21,500 visits a week.

Policy Officers Network (PON) and Communications Network (CN)

Both networks have increased their membership in 2012-13, with the PON seeing a 20% increase and the CN seeing a 80% increase during this period.

With increased numbers of ebulletins and events our work with these niche but influential audiences has enabled us to tailor and provide more information, and policy and communications resources that are relevant to our members needs.

Supporting and Developing Third Sector Hubs

Twenty four small third sector organisations benefit from our shared services hubs: in Edinburgh at Mansfield Traquair, Brunswick House in Glasgow and Fairways House in Inverness. Next year we will continue to develop this capacity with the purchase of three floors of Hayweight House in Edinburgh's Lauriston Place.

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

Future of Scotland

On the 30 of January 2012, SCVO along with eight other organisations from across civil society launched a coalition to build a Scotland-wide debate about the constitutional future of the country.

The aim of all the organisations involved was to shift the debate on the future of Scotland from powers, legality and timing to consider what we want Scotland to look like in the future, how we could do things differently and how to engage more people in this historic discussion.

Management Board Report (continued)

The coalition which has no fixed view on the outcome of the referendum, wanted to create a wide reaching, transparent discussion about the future of our country that considers people's aspirations and the challenges they face.

The other members of the coalition were: Action for Churches Together in Scotland, the Centre for Scottish Public Policy, the Church of Scotland, the Institute of Directors Scotland, National Union of Students Scotland, Reform Scotland, the Scottish Trades Union Congress and the Scottish Youth Parliament.

Engaging and Influencing Scottish Government & Parliament

This includes numerous meetings with Government Officials, MSPs, and partner organisations, and 28 roundtables and seminars on a range of issues throughout the year. We responded to and prepared 36 consultation responses and briefings for government and parliament. We have had numerous mentions in parliamentary debates, plus blogs and articles in mainstream media.

Social Media

In the past year the role of social media has grown dramatically in pulling in an audience for our policy communications. Blogging is going from strength to strength on the SCVO website, increasing the number of readers and driving more traffic to the policy pages of the website.

In 2012/13 SCVO published 72 blogs which attracted 13,500 views, with each blog viewed on average 190 times.

A Quality, Training and Events Programme

Last year, SCVO delivered more events with larger audiences than ever before. Good feedback and positive post event evaluation. The number of events and courses went from 16 to 68 over this year, with 5,755 people attending events and training courses.

The Scottish Charity Awards

In 2012 we had record participation, with 197% rise in applications. Online voting was introduced for the first time, with nearly 10,000 votes cast for the People's Choice Award.

The Gathering

The reach of the Gathering increased once again, with the support of a new look interactive dedicated website featuring online booking.

The Gathering attracted 110 exhibitors, 42 events and a total of 3,200 visitors over the 2 days.

Research to Aid Understanding of the Third Sector

Our annual report on sector statistics — its size and shape - based on analysis of over 1,000 charity annual reports and accounts was released in September 2012. This was quickly followed by our annual State of the Sector survey — completed in October 2012 — which is a key indicator of confidence and financial health of the sector.

We also undertook a major mapping of the impact of welfare 'reform' on third sector organisations and their clients. The report which incorporates evidence from around 400 people across the third sector was released in May 2013.

Management Board Report (continued)

SCVO Communications

As we work to increase the reach and influence of SCVO, the general trend is for more visits to the website - 292,000 visits (up 27%) - and for visits to last longer - 745,000 page views (up 21%).

Twitter has also proved to be an increasingly successful tool in tailoring our communications, with 4,535 followers (up 93%), 1,924 re-tweets (up 200%) and 7,857 click throughs (up 263%).

Third Force News (TFN)

Visits to the TFN website visits are up by 41% to 106,204, with page views up 123% to 394,789 and the twice weekly TFe bulletin, readership is up 9% to 2,500. Since launching on Twitter in April 2012, TFN has built up 2,054 followers.

Community Jobs Scotland (CJS)

Phase 1 of CJS successfully created 1,861 jobs with 450 third sector employers, averaging 4 CJS employees per organisation. The programme evaluated very positively with 48% of CJS graduates going into a job or education.

Phase 2 of CJS started August 2012, with a target total jobs of 1,400 jobs to be created.

By the end of March 2013, 1,631 jobs had been created, with 1,345 jobs being filled through 385 third sector employers, an average number of employees 3.49 per employer.

Third Sector Internship Programmes

We created 66 paid undergraduate student internships in the Third Sector Internship Programme this year, in a project that is exceeding its targets.

Our Arts and Creative Industries Graduate Internships Programme created the opportunity of 80 paid internships for unemployed young graduates with third sector organisations and small businesses in the arts and creative industries sector.

Launched in mid-January 2013 with the backing of two Scottish Government Ministers, the programme received applications from 108 organisations to create 140 internships, and at 23 April, 75 interns had started work.

Creating Jobs for People with Disabilities

In partnership with Remploy we created a Wage Subsidy Pilot for People with Disabilities, and working with 58 third sector employers- averaging 2 Wage Subsidy employees per organisation — the positive outcomes were: 34% into employment, 19% volunteering, and 7% education and training.

Working in partnership with Shaw Trust, Momentum and Jobcentre Plus we created 100 Wage Incentive jobs for People with Disabilities. 77 jobs were filled, with people started in employment within a 7 week turn around period, and the programme has reached its target of 100 jobs created.

GETTING OUR MEMBERS VIEWS

Each year SCVO undertakes a number of surveys, both internally and externally to measure effectiveness and gather feedback on our work.

Management Board Report (continued)

We undertook a large number of surveys last year which were completed by 3,500 people. The surveys with the highest number of respondents last year were the Welfare Reform Mapping — over 400 people - and the annual State of the Sector Survey. Other surveys such as that looking at more niche services like our pro-bono legal service received a much smaller number of responses.

The evidence gathered from these surveys is used to inform policy positions and future developments.

In 2011-12 several targeted surveys investigated readers' thoughts on the members' bulletin, the SCVO website and TFN. All showed these communications are highly valued, and all three surveys have fed into major pieces of work currently underway.

SCVO EFFECTIVENESS

New Members

With 187 new members joining in the past year - a 6.2% increase on 2011-12 - at the end of the 2012-13 financial year, SCVO had 1455 members — our highest ever level.

We have attracted new members from 28 of the 32 local authority areas in Scotland, with the top three reasons for joining SCVO being:

- Access to information and advice (cited by 80% of new members)
- Access to networking opportunities (61%)
- Member services and deals (60%)

Governance Review

It was agreed at SCVO's AGM in November 2012 to renew our governance and company structure.

A Review Group has been set up and will provide feedback at SCVO's Management Board in May 2013. This group has three main areas of focus:

- A potential change in SCVO's legal structure, from Company Limited by Guarantee to a Scottish Charitable Incorporated Organisation (SCIO)
- The option of direct elections to the Management Board
- Consideration of the role and make-up of the Policy Committee

The aim of this is to make sure that SCVO's legal structure is fit-for-purpose and fits with the values of the organisation and its members, and to explore ways to involve more members in the governance of SCVO.

As the views of SCVO members are critical in helping us to get this right, we have undertaken a survey to ascertain their views, and to inform change proposals which will be presented at our AGM in November 2013.

Risk Management

The directors have, with support from senior staff, 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, in conjunction the Board, during 2012/13.

Management Board Report (continued)

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 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.

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

Efficiency

To enhance our organisational effectiveness and efficiency, we are introducing technology solutions to improve our processes and ways of working. The key project this year was moving of SCVO's core organisational database to the Cloud.

The migration of SCVO's IT infrastructure to the Cloud was completed on time, on budget and with no compromise in quality. Successful training of all SCVO staff is improving remote access and the ability to file share.

Acknowledgement

SCVO gratefully acknowledges the contribution of £1,265,185 from the Big Lottery Fund to Supporting Voluntary Action (SVA), a programme to strengthen local support for the voluntary sector in Scotland.

Results

Funds employed stand at £4,782,599 (2012: £4,774,001) of which £1,402,931 (2012: £1,463,508) is of a restricted nature. The directors in considering their on-going commitments have designated in total £753,826 (2012: £576,916) as detailed in note 15 to the financial statements.

Management Board Report (continued)

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

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 2013 the unrestricted general reserves stood at £2,625,842 (2012 £2,733,577), 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.

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 2013, the company owned 44% of the shares (2012: 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.

Management Board Report (continued)

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

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

Dr Alison Elliot (Convener)	Elected: 29 November 2007
Alexander Cole-Hamilton	Elected: 29 November 2007 (resigned 21 November 2012)
Patricia Aniello (Treasurer)	Elected: 5 December 2006 (resigned 21 November 2012)
Andrew Jackson	Elected: 25 November 2009
Diana Hekerem	Elected: 24 November 2010 (resigned 21 November 2012)
Neville Mackay (Co-opted)	Co-opted: 12 March 2009
Richard Hamer	Elected: 23 November 2011
Keith Legge	Elected: 23 November 2011 (resigned 21 November 2012)
Carole Patrick	Elected: 23 November 2011
Stephen P Osborne (Vice-Convener)	Elected: 23 November 2011

New Directors:

Paul Bannon (Treasurer)	Elected: 21 November 2012
Eliot Stark	Elected: 21 November 2012
Margaret McLeod	Elected: 21 November 2012
Susan Archibald	Elected: 21 November 2012

Chief Executive

Martin Sime

Management Board Report (continued)

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 board

Dr Alison Elliot (Convener)

Date: 18 September 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the directors to prepare financial statements for each financial year. 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 its income and expenditure, of the charity for the year. In preparing those 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 judgments and accounting estimates that are reasonable and prudent;
- 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 and proper 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 regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) the requirements of 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF SCVO

We have audited the financial statements of SCVO for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees 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 trustees 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 trustees and members 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 (who are also the directors of the charitable company for the purposes of company 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 Auditing Practices Board'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 Financial Reporting Council'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 2013 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).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Martin Gill
 Senior Statutory Auditor
 for and on behalf of BDO LLP, Statutory Auditor
 Edinburgh
 United Kingdom
 Date: 23 September 2013

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 2013

	Note	2013 £	2013 £	2013 £	2012 £
		Unrestricted	Restricted	Total	Total
Income	1b	12,588,266	1,910,359	14,498,625	15,871,156
Expenditure		12,534,201	1,970,936	14,505,137	15,575,738
Gross surplus/(deficit)	7	54,065	(60,577)	(6,512)	295,418
Bank interest receivable		15,110	-	15,110	14,353
Surplus/(deficit) for the year		69,175	(60,577)	8,598	309,771

All amounts relate to continuing operations.

The unrestricted surplus of £69,175 is the surplus generated from unrestricted operations.

The restricted deficit of £60,577 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 2013

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
INCOMING RESOURCES					
Incoming resources from generating funds					
Voluntary income	2	1,611,311	-	1,611,311	1,420,509
Investment income		15,110	-	15,110	14,353
Incoming resources from charitable activities					
Services to the sector		2,191,383	-	2,191,383	1,908,680
Development & capacity build		292,702	645,174	937,876	860,725
SVA Programme (Big Lottery)		-	1,265,185	1,265,185	1,921,420
CVS support and development		34,382	-	34,382	31,531
Employment initiatives		8,458,488	-	8,458,488	9,728,291
Total incoming resources		12,603,376	1,910,359	14,513,735	15,885,509
RESOURCES EXPENDED					
Charitable activities					
Services to the sector		2,583,808	60,577	2,644,385	2,657,474
Development and capacity build		728,439	645,174	1,373,613	1,256,923
SVA Programme (Big Lottery)		-	1,265,185	1,265,185	1,921,420
CVS support and development		122,268	-	122,268	109,554
Employment initiatives		9,068,252	-	9,068,252	9,600,944
Governance costs		31,434	-	31,434	29,423
Total resources expended	3	12,534,201	1,970,936	14,505,137	15,575,738
Net movement in funds		69,175	(60,577)	8,598	309,771
Fund balances brought forward at 1 April 2012		3,310,493	1,463,508	4,774,001	4,464,230
Fund balances carried forward at 31 March 2013	14, 15, 16	3,379,668	1,402,931	4,782,599	4,774,001

BALANCE SHEET AS AT 31 MARCH 2013

Company No: SC24591

	Note	2013 £	2012 £
Fixed Assets			
Tangible assets	9	3,703,689	3,852,645
Investments	10	44	44
		<u>3,703,733</u>	<u>3,852,689</u>
Current Assets			
Debtors	11	2,090,680	1,319,688
Cash at bank and in hand		2,939,223	4,751,002
		<u>5,029,903</u>	<u>6,070,690</u>
Creditors: amounts falling due within one year	12	(2,375,458)	(3,513,499)
Net current assets		<u>2,654,445</u>	<u>2,557,191</u>
Total assets less current liabilities		<u>6,358,178</u>	<u>6,409,880</u>
Creditors: amounts due greater than one year	13	(1,575,579)	(1,635,879)
Total assets less liabilities		<u>4,782,599</u>	<u>4,774,001</u>
Funds employed:			
Restricted funds	14	1,402,931	1,463,508
Unrestricted funds			
Designated funds:	15	753,826	576,916
General funds	16	2,625,842	2,733,577
Total funds	17	<u>4,782,599</u>	<u>4,774,001</u>

The financial statements were approved and authorised for issue by the board on 18 September 2013.

Signed on behalf of the board of directors



Dr Alison Elliot Director

CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2013

		2013 £	2012 £
Net cash inflow from operating activities	Note 22a	(1,656,235)	2,213,933
Returns on investments and servicing of finance			
Interest received		15,110	14,353
Interest paid		(45,507)	(45,770)
		(30,397)	(31,417)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(91,214)	(240,753)
Receipts on sale of tangible fixed assets		-	257,782
		(91,214)	17,029
Financing			
Repayment of secured loan		(33,933)	-
(Decrease)/ Increase in cash	22b	(1,811,779)	2,199,545

Reconciliation of net cash flow to movement in net cash and liquid resources (Note 22b)

	2013 £	2012 £
Increase / (Decrease) in cash	(1,811,779)	2,199,545
Cash outflow from decrease in debt financing		
Loan Repayment	33,933	-
Movement in net cash and liquid resources	(1,777,846)	2,199,545
Net funds at 1 April 2012	3,064,002	864,457
Net funds at 31 March 2013	22b 1,286,156	3,064,002

NOTES TO FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013

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 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.

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

1. Accounting Policies (continued)

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

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 2013 (continued)

2. Incoming resources

	2013 £	2012 £
Voluntary income		
Donations and gifts	500	175
Membership subscriptions	223,311	220,334
Core funding grant	1,387,500	1,200,000
	<u>1,611,311</u>	<u>1,420,509</u>

3. Resources expended

	Governance £	Activities undertaken £	Grant funding of activities £	Support costs £	2013 Total £	2012 Total £
Charitable activities						
Services to the sector	-	2,329,694	-	314,691	2,644,385	2,657,474
Development and capacity build	-	1,085,124	-	288,489	1,373,613	1,256,925
SVA Programme (Big Lottery)	-	1,225,467	-	39,718	1,265,185	1,921,418
CVS support and development	-	106,184	-	16,084	122,268	109,554
Employment initiatives	-	1,034,108	7,829,587	204,557	9,068,252	9,600,944
		<u>5,780,577</u>	<u>7,829,587</u>	<u>863,539</u>	<u>14,473,703</u>	<u>15,546,315</u>
Governance costs						
Governance	31,434	-	-	-	31,434	29,423
Total resources expended	<u>31,434</u>	<u>5,780,577</u>	<u>7,829,587</u>	<u>863,539</u>	<u>14,505,137</u>	<u>15,575,738</u>

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

4. Support cost allocation

	Accommodation	Finance	HR	ICT	Total
	£	£	£	£	£
Services to the sector	31,901	106,866	65,410	110,514	314,691
Development and capacity build	105,397	69,191	42,348	71,553	288,489
SVA Programme (Big Lottery)	14,511	9,526	5,830	9,851	39,718
CVS Support and Development	5,876	3,858	2,361	3,989	16,084
Employment Initiatives	67,848	51,662	31,621	53,426	204,557
Total	225,533	241,103	147,570	249,333	863,539

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

	2013	2012
	£	£
Salaries	2,946,885	3,002,528
Social security costs	289,653	266,516
Other pension costs	177,057	178,458
	3,413,595	3,447,502

The average number of full time equivalent employees during the year was 94 (2012: 108). One member of staff earned between £60,000 and £70,000 (2012: one), and one member of staff earned between £70,000 and £80,000 (2012: one). Both members of staff contributed to a money purchase pension scheme.

Included within staff costs are redundancy costs amounting to £43,915 (2012: £89,568).

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

7. Gross surplus/(deficit) for the year

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

		2013	2012
		£	£
Depreciation		240,170	268,276
Auditors' remuneration	statutory audit services	12,080	12,287
Non-audit services		-	108
Indemnity insurance		6,045	5,986
Operating lease rentals	equipment	8,199	9,900
	Property	12,768	33,286

8. Directors' Expenses

Directors are reimbursed for expenses incurred on travel and subsistence in the performance of their duties as directors. The cost in 2013 was £1,594 (2012: £3,310). No remuneration was received by directors in 2013 (2012: £nil).

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

9. Fixed Assets

Tangible Assets	Land & Buildings £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 31 March 2012	4,379,005	194,344	356,608	4,929,957
Additions during year	47,332	14,759	29,123	91,214
Disposals during year	-	(21,372)	-	(21,372)
At 31 March 2013	4,426,337	187,731	385,731	4,999,799
Depreciation				
At 31 March 2012	679,357	96,121	301,834	1,077,312
Charge for year	173,193	45,543	21,434	240,170
Disposals during year	-	(21,372)	-	(21,372)
At 31 March 2013	852,550	120,292	323,268	1,296,110
Net book amount				
At 31 March 2013	3,573,787	67,439	62,463	3,703,689
At 31 March 2012	3,699,648	98,223	54,774	3,852,645

Included within Land and Buildings are leasehold improvements with a net book value of £154,845 (2012: £171,508).

Included within Land and Buildings is land with a cost of £1,005,000 (2012: £1,005,000).

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

10. Fixed Asset Investments

	2013	2012
	£	£
Unlisted investments		
Market value at 31 March 2012	44	44
Disposals at cost	-	-
	<hr/>	<hr/>
Market value at 31 March 2013	44	44
	<hr/>	<hr/>
Historical cost at 31 March 2013	44	44
	<hr/>	<hr/>

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 2013 (continued)

11. Debtors

	2013 £	2012 £
Due within 12 months:		
Outstanding grants	102,254	124,357
Prepayments	100,309	34,080
Other debtors	1,826,429	1,087,813
	<hr/>	<hr/>
	2,028,992	1,246,250
Due in more than 12 months:		
Prepayments	61,688	73,438
	<hr/>	<hr/>
	2,090,680	1,319,688
	<hr/> <hr/>	<hr/> <hr/>

Seven 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

	2013 £	2012 £
Bank loan	77,488	51,121
Accruals	546,372	331,294
Deferred income	602,281	1,091,227
Other taxes and social security costs	163,840	152,736
Pension costs	23,097	23,004
Other creditors	962,380	1,864,117
	<hr/>	<hr/>
	2,375,458	3,513,499
	<hr/> <hr/>	<hr/> <hr/>
Deferred Income		
Opening balance	1,091,227	1,306,822
Released in year	(1,091,227)	(1,306,822)
Deferred income for year	602,281	1,091,227
	<hr/>	<hr/>
	602,281	1,091,227
	<hr/> <hr/>	<hr/> <hr/>

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

13. Creditors; amounts falling due after one year

	2013 £	2012 £
Bank loan		
Due 2-5 years	309,950	306,727
Due after 5 years	1,265,629	1,329,152
	<u>1,575,579</u>	<u>1,635,879</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 2013 £	Total 2012 £
Balance at 31 March 2012	1,463,508	1,463,508	1,524,467
Surplus / (deficit) for year	(60,577)	(60,577)	(60,959)
Balance at 31 March 2013	<u>1,402,931</u>	<u>1,402,931</u>	<u>1,463,508</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 2012	217,098	-	359,818	576,916
Transfer (to)/ from general funds	78,601	165,272	(66,963)	176,910
Balance at 31 March 2013	<u>295,699</u>	<u>165,272</u>	<u>292,855</u>	<u>753,826</u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013 (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 represents one years deficit funding. The Board anticipates transferring more into the reserve should funding allow it.

16. General Funds

	2013 £	2012 £
Balance at 31 March 2012	2,733,577	2,484,505
Surplus for year	69,175	370,730
Transfer from/(to) designated funds	(176,910)	(121,658)
Balance at 31 March 2013	2,625,842	2,733,577

17. Analysis of Net Assets between Funds

	Restricted Funds £	Designated Funds £	General Funds £	2013 £	2012 £
Tangible fixed assets	1,402,931	292,855	2,007,903	3,703,689	3,852,645
Investments	-	-	44	44	44
Net current assets	-	460,971	2,193,474	2,654,445	2,557,191
Long-term liabilities	-	-	(1,575,579)	(1,575,579)	(1,635,879)
	1,402,931	753,826	2,625,842	4,782,599	4,774,001

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013 (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:

	2013 £	2012 £
Current assets		
Cash at bank and in hand	29,143	43,166
	<u>29,143</u>	<u>43,166</u>
Creditors: amounts falling due within one year		
Covenant and gift aid funds	23,480	32,150
Other funds	5,663	11,016
Other creditors		
	<u>29,143</u>	<u>43,166</u>
	<u>29,143</u>	<u>43,166</u>
 Total assets less liabilities	 -	 -
	<u>-</u>	<u>-</u>

Total income administered during the year amounted to £25,000 (2012: £5,000) and disbursements totalled £39,023 (2012: £13,384).

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:

	% p.a.
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 2013 (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 2013 to 31 March 2014 were advised to employers by letter in December 2012.

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.

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 2012. As of this date the estimated employer debt for SCVO was £14,622,488.

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

20. Leasing Commitments

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

		Buildings		Office Equipment	
		2013	2013	2012	2012
		£	£	£	£
Expiring	- within 1 year	-	9,258	7,641	1,514
	- in 1 to 5 years	-	-	9,629	18,987
	- more than 5 years	11,750	11,750	-	-
		11,750	21,008	17,270	20,501

21. Associated Company

At 31 March 2013, 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 £38,286 (2012: £37,312). A summary of the trading results for the period to 31 March 2013 is shown below.

	2013	2012
	£	£
Turnover	130,734	148,920
Cost of sales and administration expenses	133,970	148,958
Net profit/(loss)	(3,236)	(38)
Interest receivable	56	58
Profit on ordinary activities before taxation	(3,180)	20
Tax on profit on ordinary activities	-	(75)
Retained in the associate	(3,180)	(55)
The assets and liabilities of the associate were:		
Fixed assets	-	-
Current assets	120,145	142,881
Creditors — amounts falling due within one year	(117,587)	(137,143)
Total net liabilities	2,558	5,738
Aggregate share capital and reserves	2,558	5,738

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013 (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.

	2013 £	2012 £
Surplus for the year before transfers	8,598	309,771
Depreciation	240,170	268,276
Decrease / (Increase) in debtors	(770,992)	501,550
Increase/ (Decrease) in short term creditors	(1,279,924)	1,102,919
Income from investments and finance costs	(15,110)	(14,353)
Interest paid	45,507	45,770
Net cash inflow from operating activities	1,656,235	2,213,933

b) Analysis of net cash and liquid resources

	At 1 April 2012 £	Cash Flow £	Other Non Cash Changes £	At 31 March 2013 £
Cash at bank and in hand	4,751,002	(1,811,779)	-	2,939,223
Debt due < 1 year	(51,121)		(26,367)	(77,488)
Debt due > 1 year	(1,635,879)	33,933	26,367	(1,575,579)
Net cash	3,064,002	(1,777,846)	-	1,286,156

23. Grant funding of activities

As indicated in note 3, SCVO paid out £7,829,587 in grants in the year. SCVO is not generally a grant making charity.

Employment Initiatives activity grants of £7,610,851 were made to organisations for delivery of Community Jobs Scotland.

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