

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

Charity No: SC003558

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2015

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SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES ANNUAL REPORT

The Trustees present the annual report together with the audited financial statements for the year ended 31 March 2015.

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

Board of Trustees

Following the decision at SCVO's AGM in November 2013, as at 3 July 2014 SCVO became a Scottish Charitable Incorporated Organisation (SCIO), converting from its previous status of company limited by guarantee. It is now governed by a Board of Trustees (rather than company directors, as was the case prior to July 2014) of whom 6 are elected by our members, and 5, including the Convenor, Vice-Convenor and Treasurer are elected to bring additional skills and knowledge. All Directors of the previous company limited by guarantee became the first directors of the SCIO on conversion. The dates of appointment of all Trustees were reset to the conversion date of 3 July 2014. On appointment Trustees are invited to an induction session that briefs new trustees on SCVO, its activities and the wider environment. Induction also includes training needs analysis and trustee roles and expectations.

Directorate

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

Policy Committee

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES ANNUAL REPORT (continued)

The 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' our plan defines three overarching objectives of:

- Ensuring all people forming, changing and developing third sector organisations can access quality advice and support.
- Supporting third sector organisations 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 objectives form the core of SCVO's work, and all of our specific activities are grouped within them.

Grant Making

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

Associated Undertaking – Workwithus.org Limited

Workwithus.org was established to develop and run a voluntary sector Portal Site on the Internet. At 31 March 2015, the company owned 44% of the shares (2014: 44%). SCVO plans to wind down and strike off WWUS during 2015/16

Auditor

It is the trustees 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 Charitable Incorporated Organisation, Registration Number SC003558. The operation of SCVO is governed by its Constitution.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES ANNUAL REPORT (continued)

Trustees

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

Shulah Allan (Convener)	Elected: 3 July 2014
Neville Mackay (Vice-Convener)	Elected: 3 July 2014
Richard Hamer	Elected: 3 July 2014; Resigned 20 November 2014
Carole Patrick	Elected: 3 July 2014; Resigned 20 November 2014
Stephen P Osborne (Vice-Convener)	Elected: 3 July 2014; Resigned 20 November 2014
Paul Bannon (Treasurer)	Elected: 3 July 2014
Eliot Stark	Elected: 3 July 2014
Susan Archibald	Elected: 3 July 2014
Michelle McCrindle	Elected: 3 July 2014
Gordon MacRae	Elected: 3 July 2014
Maria McGill	Elected: 20 November 2014
Emma Ritch	Elected: 20 November 2014
Mark O'Donnell	Elected: 10 December 2014
Jay Butler	Elected: 10 December 2014

Chief Executive

Martin Sime

Registered Office

Mansfield Traquair Centre
15 Mansfield Place
Edinburgh
EH3 6BB

Bankers

SCVO's main bank accounts are held at:

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

Auditor

BDO LLP
65 Haymarket Terrace
Edinburgh
EH12 5HD

Solicitors

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES ANNUAL REPORT (continued)

This following is based on the report to the Board on SCVO operational activity for the period 1 April 2014 to 31 March 2015. It is the report of the final year of the current strategic plan cycle, and is organised according to the objectives, as above. During the year the Board of Trustees led a review and has recast our objectives so this is the last report that will follow this format.

We support third sector organisations to achieve their work

Information Service

The Funding Scotland service was launched at the AGM in November. It has quickly gained content and audience, with 3000 users registered by March. Major improvements have also been implemented to our generic information service during the year, including a new 'two-tier' call handling system to respond to the continuing trend towards requests for 'advice' over basic information. The SAIF programme, promoting accessible information has benefitted from better use of technology and is reaching a wider audience.

Development: Health and Wellbeing

This year has seen major organisational effort applied to the key agenda of health and social care integration. New legislation and reform of public institutions and budgeting has provided the opportunity for a new type of engagement by voluntary organisations in the design and delivery of supports to local communities. We want to help people stay well and at home, and to gain influence over associated investment decisions. SCVO has deployed resources in the 'pathfinder' area of East Dunbartonshire in partnership with local partners, to demonstrate how a co-production approach with existing community organisations and the people they involve can bring about better outcomes. We are hopeful this approach will prove influential over coming months.

Development: Digital

Digital participation and use of digital technology by voluntary organisations has been a significantly increased area of SCVO's work during the year. This relatively new team was established with support from the Scottish Government who also provided a small grant fund to help voluntary organisations do more to get themselves and those they involve online. We enhanced this during the year by accessing European Regional Development Funding to support the deployment of digital interns and mentors.

The 'milo' database has been published to the web for the first time this year as www.getinvolved.org.uk. It now has live content on 35,000 of the estimated 45,000 voluntary organisations in Scotland.

Development: Third Sector Hubs

A significant addition to SCVO's property portfolio this year has been the acquisition of new offices in Glasgow's Sauchiehall Street, adjacent to the famous Charles Rennie Mackintosh-designed Willow Tea Rooms. Following renovation we expect the building to be open for tenants later this year.

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

Campaigning

SCVO reached a new audience in the Spring with the launch of our online poverty campaign. Using a spoof weather forecast as a way of engaging people in a discussion about people's experience of poverty **we attracted 96,126 views**.

Alongside the public campaign we rolled out a programme of information exchange and grant support for voluntary organisations dealing with the impact of welfare reform and cuts.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES ANNUAL REPORT (continued)

News and Media

News coverage of SCVO by external media has been impressive over the year (approaching 600 pieces), and our own news channel Third Force News has gone from strength to strength since its conversion to a digital first approach in the previous year. TFN website visits have trebled, ebulletin subscribers have increased by a third and the TFN twitter following had exceeded 5500 at the turn of the year.

Policy and Influencing

2014/15 was an exceptional year in public policy terms. During the referendum SCVO was active in promoting understanding of the key issues around the independence question, working with academics and others to inform debate and encourage participation and engagement from our members and the people we support. We also worked with our civil society partners in the trade unions, churches and beyond raising the need for public participation. Following the vote we helped to convene a third sector and wider civil society input to the Smith Commission on further devolution.

Our research offering was enhanced this year by a refreshed workforce survey, a guide to the sector aimed at public sector workers, and the development of a set of indicators on the health of the sector. An increased interest in the open data agenda has energised joint work with academia, and we were delighted in June 2014 to be a founder partner in the launch of What Works Scotland, led by Edinburgh and Glasgow Universities.

SCVO seeks to influence the shape of the new European programmes in Scotland and we will continue to lobby for better social partnership in line with European policy. Our active membership of ENNA – networking with our counterparts elsewhere in the EU – and revived engagement with the European Economic and Social Committee have helped keep Europe on the agenda for the third sector.

Events and Training

This year we trebled the number of training places we provided on our main training programme (312 delegates from 95 last year). The Scottish Charity Awards were again a major success with a particular focus being the one-off awards for Ravelrig Riding for the Disabled to celebrate volunteering in sport on the occasion of the Commonwealth Games in Glasgow.

The gathering was again hosted at the SECC in Glasgow, with the biggest ever programme of conferences and workshops, and a footfall of over 3100 over the two days. A further 9 events throughout the year attracted 818 delegates.

We connect people with ways to get involved with their communities

Third Sector Internships

Our partnerships with Creative Scotland, the Open University and Queen Margaret University, and Scottish Government Equalities Team to deliver paid graduate and undergraduate internships have continued, particularly targeting those who find it hardest to get started in their careers.

Community Jobs Scotland (CJS)

SCVO continues to support both individual job-seekers and voluntary organisation by delivering the highly-successful Community Jobs Scotland programme. 'Phase three' found job roles for 1155 young people leading to 70.3% positive outcomes (54.5% in a job). Phase 4 was launched offering 2238 vacancies with 449 employers. In a tailoring of our previous generic approach we launched specific offerings for unemployed disabled people in partnership with Inclusion Scotland and SDEF, young care leavers with Who Cares Scotland and ex-offenders with a range of partners.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES ANNUAL REPORT (continued)

Volunteering

SCVO has this year stepped up its role in relation to support for volunteering, with two key events on trusteeship and active participation in the Scottish Volunteering Forum, and engagement with other campaigns and promotions, especially in relation to the Commonwealth Games.

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

Governance Review and planning

SCVO's conversion to a SCIO has triggered a refresh of governance with a new Trustee Board taking up its role in November. This has been followed by the development of online voting systems, and a review of the Policy Committee and the network of intermediaries bodies.

In recent years Trustees have taken the following actions to strengthen governance in SCVO:-

- A Finance and Resources Committee has been established to give detailed scrutiny to funding, risk, audit and other processes and to report to Trustees.
- Introduced a structured approach to their meeting cycle throughout the year, including quarterly review of activities, finances and new developments, in order to ensure that there is systematic consideration of all operations of SCVO.
- Led the development of a new long-term strategic framework and method for receiving information on SCVO's overall impact.
- Improved the process for ensuring that there is a clear line of sight between strategic priorities which emerge from the annual Trustee away day and any other subsequent investment decisions.
- Work has been undertaken over the year to link Operational Plan business activities to measureable outcomes, the Board receives regular activity and measurement updates.

Risk Management

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

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

The three main objectives of the control system are:

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

SCVO's internal controls include:

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

Results

Funds employed stand at £5,120,330 (2014: £4,934,914) of which £1,312,093 (2014: £1,343,052) is of a restricted nature. The trustees in considering their on-going commitments have designated in total £1,270,064 (2014: £892,630) as detailed in note 15 to the financial statements.

Designated funds have been established to:

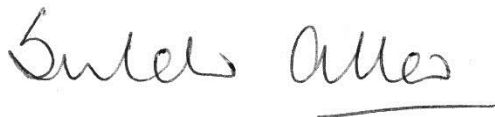
- Avoid the necessity of realising fixed assets held for the charity's use or selling investments at an inappropriate state of the market
- Equate to the unrealised appreciation of the value of its investments
- Equate to tangible assets, other than property, required by SCVO to run its operations
- 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 2015 the unrestricted general reserves stood at £2,538,173 (2014: £2,699,232), 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.

Approved on behalf of the Board of Trustees



Shulah Allan (Convener)

Date 16 SEPTEMBER 2015

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

Trustees' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

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

We have audited the financial statements of Scottish Council for Voluntary Organisations for the period ended 31 March 2015 which comprise the Income and Expenditure Account, Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015 and of its incoming resources and application of resources, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

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

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP
Statutory Auditor
Edinburgh
United Kingdom

Date: 27 OCTOBER 2015

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

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 MARCH 2015

	Note	2015 £ Unrestricted	2015 £ Restricted	2015 £ Total	2014 £ Total
Income	1b	13,223,873	672,020	13,895,893	13,185,936
Expenditure		<u>13,017,870</u>	<u>702,979</u>	<u>13,720,849</u>	<u>13,045,862</u>
Gross surplus/(deficit)	7	206,003	(30,959)	175,044	140,074
Bank interest receivable		10,372	-	10,372	12,241
Surplus/(deficit) for the year		<u><u>216,375</u></u>	<u><u>(30,959)</u></u>	<u><u>185,416</u></u>	<u><u>152,315</u></u>

All amounts relate to continuing operations.

The unrestricted surplus of £216,375 is the surplus generated from unrestricted operations.

The restricted deficit of £30,959 represents the depreciation charged on Fairways House in Inverness.

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
INCOMING RESOURCES					
Incoming resources from generating funds					
Voluntary income	2	1,564,816	-	1,564,816	1,604,474
Investment income		10,372	-	10,372	12,241
Incoming resources from charitable activities					
Services to the sector		2,716,807	-	2,716,807	2,677,843
Development & capacity build		1,341,429	412,820	1,754,249	1,261,424
SVA Programme (Big Lottery)		-	-	-	126,230
Employment initiatives		7,600,821	259,200	7,860,021	7,515,965
Total incoming resources		13,234,245	672,020	13,906,265	13,198,177
RESOURCES EXPENDED					
Charitable activities					
Services to the sector		3,338,396	30,959	3,369,355	3,251,567
Development and capacity build		2,076,961	412,820	2,489,781	1,738,483
SVA Programme (Big Lottery)		-	-	-	126,230
Employment initiatives		7,553,138	259,200	7,812,338	7,882,602
Governance costs		49,375	-	49,375	46,980
Total resources expended	3	13,017,870	702,979	13,720,849	13,045,862
Net movement in funds		216,375	(30,959)	185,416	152,315
Fund balances brought forward at 1 April 2014		3,591,862	1,343,052	4,934,914	4,782,599
Fund balances carried forward at 31 March 2015	14, 15, 16	3,808,237	1,312,093	5,120,330	4,934,914

All amounts relate to continuing activities.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

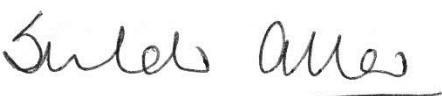
BALANCE SHEET AS AT 31 MARCH 2015

	Note	2015 £	2014 £
Fixed Assets			
Tangible assets	9	6,359,330	5,219,016
Investments	10	44	44
		<u>6,359,374</u>	<u>5,219,060</u>
Current Assets			
Debtors	11	2,045,875	2,195,333
Cash at bank and in hand		3,481,076	1,299,162
		<u>5,526,951</u>	<u>3,494,495</u>
Creditors: amounts falling due within one year	12	<u>(2,640,732)</u>	<u>(2,255,219)</u>
Net current assets		<u>2,886,219</u>	<u>1,239,276</u>
Total assets less current liabilities		<u>9,245,593</u>	<u>6,458,336</u>
Creditors: amounts due greater than one year	13	<u>(4,125,263)</u>	<u>(1,523,422)</u>
Total assets less liabilities		<u>5,120,330</u>	<u>4,934,914</u>
Funds employed:			
Restricted funds	14	1,312,093	1,343,052
Unrestricted funds			
Designated funds	15	1,270,064	892,630
General funds	16	2,538,173	2,699,232
Total funds	17	<u>5,120,330</u>	<u>4,934,914</u>

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

16 SEPTEMBER 2015

Signed on behalf of the Board of Trustees



Shulah Allan (Convener)

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	22a	941,297	187,203
Returns on investments and servicing of finance			
Interest received		10,372	12,241
Interest paid		(72,162)	(40,576)
		<u>(61,790)</u>	<u>(28,335)</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,306,756)	(1,748,082)
		<u>(1,306,756)</u>	<u>(1,748,082)</u>
Financing			
Repayment of secured loan		(53,332)	(50,847)
New secured loan		2,662,495	
		<u>2,609,163</u>	<u>(50,847)</u>
Increase/(Decrease) in cash	22b	<u>2,181,914</u>	<u>(1,640,061)</u>

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

	2015 £	2014 £
Increase/(Decrease) in cash	2,181,914	(1,640,061)
Cash (inflow)/ outflow from (increase)/decrease in debt financing		
Loan Repayment	53,332	50,847
New secured loan	(2,662,495)	
Movement in net cash and liquid resources	<u>(427,249)</u>	<u>(1,589,214)</u>
Net (debt)/funds at 1 April 2014	<u>(303,058)</u>	<u>1,286,156</u>
Net (debt)/funds at 31 March 2015	<u>22b</u> <u>(730,307)</u>	<u>(303,058)</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015

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.

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) Direct and Governance Costs

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.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (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 – 50 years

Freehold land is not depreciated

The depreciation policy for freehold property was changed during the year from 25 to 50 years. The decision to do this was taken by the Board of Trustees to better reflect the use of freehold buildings. Buildings depreciation reported in 2014/15 was £105,409, under the previous policy depreciation would have been £219,245.

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. SCVO also runs a pension salary sacrifice scheme for its staff.

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.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2015 (continued)**

2. Incoming Resources

	2015 £	2014 £
Voluntary income		
Donations and gifts	517	800
Membership subscriptions	240,540	242,560
Core funding grant	1,323,759	1,361,114
	<u>1,564,816</u>	<u>1,604,474</u>

3. Resources Expended

	Governance £	Activities undertaken £	Grant funding of activities £	Support costs £	2015 Total £	2014 Total £
Charitable activities						
Services to the sector	-	3,124,805	-	244,550	3,369,355	3,251,567
Development and capacity build	-	1,719,455	401,981	368,345	2,489,781	1,738,483
SVA Programme (Big Lottery)	-	-	-	-	-	126,230
Employment initiatives	-	1,114,189	6,514,756	183,393	7,812,338	7,882,602
	-	5,958,449	6,916,737	796,288	13,671,474	12,998,882
Governance costs						
Governance	49,375	-	-	-	49,375	46,980
Total resources expended	<u>49,375</u>	<u>5,948,449</u>	<u>6,916,737</u>	<u>796,288</u>	<u>13,720,849</u>	<u>13,045,862</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (continued)

4. Support Cost Allocation

	Accommodation £	Finance £	HR £	ICT £	Total £
Services to the sector	(98,419)	126,213	86,085	130,671	244,550
Development and capacity build	133,518	86,416	58,942	89,469	368,345
Employment Initiatives	67,001	42,832	29,214	44,346	183,393
Total	102,100	255,461	174,241	264,486	796,288

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

	2015 £	2014 £
Salaries	3,195,749	2,861,226
Social security costs	316,047	289,271
Other pension costs	426,972	285,341
	<u>3,938,768</u>	<u>3,435,838</u>

The average number of full time equivalent employees during the year was 102 (2014: 99). Three members of staff earned between £60,000 and £70,000 (2014: one), and one member of staff earned between £70,000 and £80,000 (2014: one). All three of the members of staff contributed to a defined contribution pension scheme (2014:two).

There are no redundancy costs included within staff costs (2014: £18,938).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (continued)

7. Gross surplus/(deficit) for the year

The gross surplus is stated after charging:

	2015 £	2014 £
Depreciation	166,442	232,755
Auditors' remuneration - statutory audit services	11,130	13,772
Non-audit services	-	-
Indemnity insurance	4,968	6,010
Operating lease rentals - equipment	37,216	30,826
- property	11,750	16,650

8. Trustees' Expenses

Trustees are reimbursed for expenses incurred on travel and subsistence in the performance of their duties as directors. The cost in 2015 was £1,711 (2014: £934). No remuneration was received by Trustees in 2015 (2014: £nil).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2015 (continued)**

9. Fixed Assets

Tangible Assets	Land & Buildings £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 31 March 2014	6,119,774	236,198	391,909	6,747,881
Additions during year	1,222,769	79,781	4,206	1,306,756
At 31 March 2015	7,342,543	315,979	396,115	8,054,637
Depreciation				
At 31 March 2014	1,027,352	159,739	341,774	1,528,865
Charge for year	105,409	43,332	17,701	166,442
At 31 March 2015	1,132,761	203,071	359,475	1,695,307
Net book amount				
At 31 March 2015	6,209,782	112,908	36,640	6,359,330
At 31 March 2014	5,092,422	76,459	50,135	5,219,016

Included within Land and Buildings are leasehold improvements with a net book value of £121,516 (2014: £138,180).

Included within Land and Buildings is land with a cost of £1,867,496 (2014: £1,499,956).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (continued)

10. Fixed Asset Investments

	2015 £	2014 £
Unlisted investments		
Market value at 31 March 2014	44	44
Disposals at cost	-	-
Market value at 31 March 2015	<u>44</u>	<u>44</u>
Historical cost at 31 March 2015	<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.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2015 (continued)**

11. Debtors

	2015 £	2014 £
Due within 1 year:		
Outstanding grants	218,080	94,517
Prepayments	69,720	25,390
Other debtors	1,262,757	1,781,066
VAT	457,130	244,422
	<u>2,007,687</u>	<u>2,145,395</u>
Due in more than 1 year:		
Prepayments	38,188	49,938
	<u>2,045,875</u>	<u>2,195,333</u>

Five 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

	2015 £	2014 £
Bank loan	86,120	78,798
Accruals	689,221	460,365
Deferred income	738,517	585,268
Other taxes and social security costs	146,669	113,643
Pension costs	38,786	31,302
Other creditors	941,419	985,843
	<u>2,640,732</u>	<u>2,255,219</u>
Deferred Income		
Opening balance	585,268	602,281
Released in year	(585,268)	(602,281)
Deferred income for year	738,517	585,268
	<u>738,517</u>	<u>585,268</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (continued)

13. Creditors: amounts falling due after one year

	2015 £	2014 £
Bank loans		
Due 2-5 years	790,570	315,191
Due after 5 years	3,334,693	1,208,231
	<u>4,125,263</u>	<u>1,523,422</u>

The bank loans are secured on Brunswick House, Fairways House, Hayweight House and Edward House. There are three loans, all repayable in instalments.

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

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

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

14. Restricted Funds

	Capital Grants £	Total 2015 £	Total 2014 £
Balance at 31 March 2014	1,343,052	1,343,052	1,402,931
Deficit for year	(30,959)	(30,959)	(59,879)
Balance at 31 March 2015	<u>1,312,093</u>	<u>1,312,093</u>	<u>1,343,052</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 £	Other Tangible Assets Reserve £	Total £
Balance at 31 March 2014	609,077	283,553	892,630
Transfer (to)/ from general funds	360,461	16,973	377,434
Balance at 31 March 2015	<u>969,538</u>	<u>300,526</u>	<u>1,270,064</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (continued)

15. Designated Funds (continued)

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 three years deficit funding. The Board anticipates transferring more into the reserve should funding allow it.

16. General Funds

	2015 £	2014 £
Balance at 31 March 2014	2,699,232	2,625,842
Surplus for year	216,375	212,194
Transfer to designated funds (note 15)	(377,434)	(138,804)
Balance at 31 March 2015	<u>2,538,173</u>	<u>2,699,232</u>

17. Analysis of Net Assets between Funds

	Restricted Funds £	Designated Funds £	General Funds £	2015 £	2014 £
Tangible fixed assets	1,312,093	1,270,064	3,777,173	6,359,330	5,219,016
Investments	-	-	44	44	44
Net current assets	-	-	2,886,219	2,886,219	1,239,276
Long-term liabilities	-	-	(4,125,263)	(4,125,263)	(1,523,422)
	<u>1,312,093</u>	<u>1,270,064</u>	<u>2,538,173</u>	<u>5,120,330</u>	<u>4,934,914</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (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:

	2015 £	2014 £
Current assets		
Cash at bank and in hand	<u>17,098</u>	<u>25,408</u>
Creditors: amounts falling due within one year		
Covenant and gift aid funds	12,830	17,230
Other funds	4,268	7,578
Other creditors	<u>17,098</u>	<u>25,408</u>
Total assets less liabilities	<u>-</u>	<u>-</u>

Total income administered during the year amounted to £17,550 (2014: £38,486) and disbursements totalled £25,860 (2013: £42,221).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2015 (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 (DB) pension 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.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (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.

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 2014. As of this date the estimated employer debt for SCVO was £17,644,584.

The current recovery plan is 12 years and started in April 2012. 2014/15 annual recovery payments were £283,393 and will rise by 3% per annum until the end of the recovery period.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (continued)

20. Leasing Commitments

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

	Buildings		Office Equipment	
	2015	2014	2015	2014
	£	£	£	£
Expiring - within 1 year	-	-	1,922	3,794
- in 1 to 5 years	-	-	32,056	37,499
- more than 5 years	11,750	11,750	13,951	5,665
	<u>11,750</u>	<u>11,750</u>	<u>47,929</u>	<u>46,958</u>

21. Associated Company

At 31 March 2015, the company owned 44% of the shares in Workwithus.org Limited. Currently the company appoints one director to the Board of Workwithus.org Limited. A summary of the trading results for the period to 31 March 2015 is shown below.

	2015	2014
	£	£
Turnover	32,527	138,580
Cost of sales and administration expenses	<u>56,738</u>	<u>140,489</u>
Net profit/(loss)	(24,211)	(1,909)
Interest receivable	<u>23</u>	<u>48</u>
Profit on ordinary activities before taxation	(24,188)	(1,861)
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>
Retained in the associate	<u>(24,188)</u>	<u>(1,861)</u>
The assets and liabilities of the associate were:		
Fixed assets	-	-
Current assets	32,074	74,909
Creditors – amounts falling due within one year	<u>(55,564)</u>	<u>(74,211)</u>
Total net liabilities	<u>23,490</u>	<u>698</u>
Aggregate share capital and reserves	<u>23,490</u>	<u>698</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2015 (continued)

22. Notes to the Statement of Cash Flows

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

	2015 £	2014 £
Surplus for the year before transfers	185,416	152,315
Depreciation	166,442	232,755
Decrease/(increase) in debtors	149,458	(104,653)
Increase/(decrease) in short term creditors	378,191	(121,549)
Income from investments and finance costs	(10,372)	(12,241)
Interest paid	72,162	40,576
Net cash inflow from operating activities	<u>941,297</u>	<u>187,203</u>

b) Analysis of net cash and liquid resources

	At 1 April 2014 £	Cash Flow £	Other Non Cash Changes £	At 31 March 2015 £
Cash at bank and in hand	1,299,162	2,181,914	-	3,481,076
Debt due < 1 year	(78,798)	53,332	(60,654)	(86,120)
Debt due > 1 year	(1,523,422)	(2,662,495)	60,654	(4,125,263)
Net debt	<u>(303,058)</u>	<u>(427,249)</u>	-	<u>(730,307)</u>

23. Grant Funding of Activities

As indicated in note 3, SCVO paid out £6,916,737 in grants in the year. SCVO is not generally a grant making charity. Included within this amount are Employment Initiatives activity grants of £6,514,755 were made to organisations for delivery of Community Jobs Scotland.

24. Related Party Transactions

During 2014/15 Trustee, Richard Hamer, was remunerated £558 for chairing an event. (2014: £0).