



SCOTTISH COUNCIL FOR
VOLUNTARY ORGANISATIONS (SCVO)

REPORT & FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

Charity No: SC003558

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

REPORT AND FINANCIAL STATEMENTS

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SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

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SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (incorporating the Strategic Report) YEAR ENDED 31 MARCH 2019

The Trustees present the annual report together with the audited financial statements for the year ending 31 March 2019.

ORGANISATION

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

OBJECTIVES

SCVO is the national membership body for Scotland's voluntary sector. Over 2,000 charities, voluntary organisations and social enterprises are members of SCVO, including grassroots groups, Scotland-wide organisations and international bodies. Through campaigning and service provision, SCVO seeks to advance the interests of its members and the people and communities they serve.

We are committed to supporting Scotland's voluntary sector to achieve its ambitions.

ACTIVITIES AND ACHIEVEMENTS

In November 2018, SCVO membership exceeded 2,000 for the first time ever and continues to grow.

Our activities for the period of this report were delivered against three strategic themes from our strategic plan: support, promote and change.

This is the last time we will report against our current strategic plan. In May 2019, following an extensive consultation process, we launched SCVO's strategic plan 2019-22.

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

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

- delivering easy-to-access information on how to set up and run voluntary organisations – generating over 15,000 unique page views on the SCVO website every month
- providing an online platform to search funding opportunities – fundingscotland.com has now reached just under 30,000 registered users
- supporting the drive for good governance in the voluntary sector by working with Scotland's Third Sector Governance Forum to consult the sector and launch the Scottish Governance Code for the Third Sector – governancecode.scot
- publishing our second Third Force News 'Guide to Running a Charity or Social Enterprise' which included a copy of the new Governance Code for every reader
- hosting a storytelling conference bringing together senior staff from over 100 charities and voluntary organisations to look at how the sector can get better at promoting our overall impact and that of individual organisations within it - part of our #ILoveCharity campaign to inspire trust in charities
- developing SCVO's payroll service to introduce online payslips, offering staff of our 400 payroll clients safe, secure and GDPR-compliant access to their payslips on the internet
- we have invested in our shared offices for the voluntary sector, providing affordable meeting and training spaces in Glasgow, Edinburgh and Inverness – we now host 53 organisations and their staff
- our managed IT services have gone from strength to strength, enabling access to the latest comprehensive IT support that's geared towards the voluntary sector.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

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

Highlights from the year include:

- the Gathering, our flagship annual engagement event, attracted 2,800 visitors, 115 exhibitors and hosted 65 events
- the Scottish Charity Awards, our annual sector celebration, attracted 400 attendees and 13,000 votes for the People's Choice Award public vote
- we relaunched our Goodmoves recruitment website, with improved search functionality and greater speed of use for mobile users, which has increased the number of unique page views on the site by over 60% in just eight months
- we advertised 4,487 jobs for 1,108 organisations on goodmoves.com
- we worked with Volunteer Scotland to create a new volunteer search website, doubling the number of weekly volunteer applications online since it launched
- we ran three Community Jobs Scotland (CJS) events which resulted in 49 young people being recruited into CJS jobs and helping to achieve an overall total of 710 young people into CJS jobs in 2018/19
- after 22 years of producing a weekly newspaper for the voluntary sector, we launched the new Third Force News (TFN) monthly magazine in August 2018 and have gone on to achieve a 5% growth in circulation
- we continued to experiment with new digital tools, where appropriate, to increase opportunities for engagement with the sector. For example, developing an ever-growing online community engaging 306 policy colleagues, and hosting a webinar with Professor Philip Alston, UN special rapporteur on extreme poverty and human rights.

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

Highlights in this year include:

- after listening to 80 senior leaders on their digital journeys, we published 'Creating a Digitally Confident Third Sector in Scotland: What Next' looking at practical examples of how organisations are adapting and evolving in our digital world
- we reached a total of 650 organisations who have signed the Digital Participation Charter
- we awarded 26 organisations a total of £222,000 through the sixth round of the Scottish Government funded Digital Participation Charter Fund to tackle digital exclusion with a particular focus on jobseekers and reducing social isolation
- 61 small grants were awarded to voluntary organisations to achieve Cyber Essentials accreditation
- we launched a new online Digital Check-up tool and provided one-to-one tailored follow-up support to 64 organisations who completed it
- following SCVO's success in administering the Community Capacity and Resilience Fund, we were successful in winning the contract to also deliver the £448,000 Carers Act Transformation Fund to 50 carers organisations - to support those organisations to have the right systems and infrastructure to deliver services under the new Carers Act
- we delivered 60 courses to over 700 learners – providing a learning platform for colleagues in the voluntary sector to gain new skills, refresh existing skills and be supported in their learning
- we initiated our 'Funding the Future' programme with an event at the Gathering, bringing together funders and organisations from across the sector to establish modern principles for good funding relationships

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

Areas for improvement

We accomplished the majority of what we set out to do during the year, but inevitably some things did not go as well as we hoped, notably:

- uncertainty around Brexit made policy and support work in this area difficult – and continues to do so
- employability policy work has also proved difficult to progress. The policy and funding landscape is crowded and complicated. We are working with the sector, Scottish Government and local government to bring a fresh approach
- while GoodHQ has had over 1,000 reviews published from people about voluntary sector organisations, the level of engagement in sharing stories on goodhq.org (positive and negative) about the voluntary sector has been less than originally anticipated. However, our work on GoodHQ has supported us in improving the marketing of volunteering opportunities
- over the coming year, we will review our membership offer to make sure it is up to date and is valuable to both our members and SCVO

FINANCIAL REVIEW

Turnover for 2018/19 is up 9% on the previous year to £15,471,520. Income comes from a mix of sources; trading such as Goodmoves, Payroll Services and Property Services; grant funded programmes from Scottish Government, The National Lottery Community Fund and others. We receive a mix of unrestricted and restricted income, all of which is directed to fulfilling SCVO's strategic objectives.

Included in expenditure of £15,052,558 is £8,578,792 (2018: £7,895,296) of onward funding that was passed directly to voluntary sector organisations.

This year we made a surplus of £418,962 (2018: £225,134). Unrestricted activities account for £169,192 (2018: £221,134) of this, slightly down on last year but underlying performance for key trading activities, in particular, Goodmoves, remains good. There is a restricted surplus of £249,770 (2018: £3,998). This is higher than expected due to the accounting standard for recognising income and much of this surplus will flow through as expenditure in 2019/20.

Tangible fixed assets of £7,170,387 (2018: £7,205,743) primarily consist of properties, which were financed by £3,535,880 (2018: £3,677,577) of bank loans. Net current assets were £462,106 (2018: £549,288), of which £518,819 (2018: £526,531) was available as general funds as shown in note 17.

Total unrestricted funds were in deficit by £194,931 (2018: £364,123). This includes the long-term creditor for the pension recovery plan of £2,704,516 (2018: £3,308,560). The pension obligation is down due to an improvement in scheme funding as at 30th September 2017 which has resulted in reduced recovery payment obligations from 1st April 2019. Details of pension obligations can be found in note 19.

Funds employed stand at £1,330,284 (2018: £911,322) of which £1,525,215 (2018: £1,275,445) is of a restricted nature. The trustees in considering their ongoing commitments have designated in total £277,930 (2017: £322,047) as detailed in note 14 to the financial statements.

Designated funds have been established to:

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

GRANT-MAKING

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

RESERVES

The trustees regularly review reserves, using the Reserves Policy to support both the Financial Strategy and the Strategic Plan. We use a risk-based approach to calculate an optimal amount of reserves that looks at reliability of income, costs for re-organisation of activities and specific liabilities. We also include amounts for risks we are aware of as well as contingencies to allow us to cope with unexpected costs and opportunities. We principally hold reserves to:

- protect the continuity of our work against uncertain future income streams
- provide the capital needed to finance investment in operations
- provide funds to replace assets
- to cover for specific liabilities and identifiable risks
- to allow us to respond to unexpected opportunities that can further our mission
- to allow us to meet contractual obligations

The trustees have set optimal reserves at £2,172,464 (2018: £2,058,078). As at 31 March 2019, the level of free reserves (defined as total general unrestricted funds, less tangible assets and excluding defined benefit pension obligations and long-term commitments) stands at £518,819 (2018: £526,531).

The gap between free reserves and optimal reserves is to be closed by improving our sustainability by investing in more predictable income sources and investment in operations. The gap will also be closed by the receipt of proceeds from Hayweight House. Please see Note 23 for details on Hayweight House. In the interim the trustees are comfortable that obligations/growth can be met from annual income.

We have designated reserves of £277,930 (2018: £322,047) and restricted reserves of £1,525,215 (2018: £1,275,445). The designated reserves are held to represent reserves that are not available for other activities since they have been used to purchase fixed assets and are not available unless the assets are disposed. Restricted reserves relate to income to be used in accordance with specific restrictions imposed by funders and therefore do not form part of general reserves.

The Reserves Policy is reviewed quarterly as part of our internal financial control systems.

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 will 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.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

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

Maintaining enough income - to maintain generation of unrestricted income SCVO is pursuing an asset-backed income strategy and investment in its services, development and project work, while also looking to diversify income sources to reduce dependence on any single stream of money.

Reputational risk – to mitigate reputational risk SCVO invests in staff training, risk appraisal and evaluation. We also have systems in place to respond quickly to reputational risks that might arise.

Scottish Voluntary Sector Pension Scheme obligations - this is a difficult risk to mitigate due to the high cost of exiting SCVO's defined benefit obligations. To mitigate this risk SCVO engaged in a managed transfer exercise, the first part of which was completed in 2016/17. It mitigated some of the risk out of the scheme and along with a second phase in April 2017 reduced our liabilities by approximately 18%. This risk mitigation exercise is a long-term strategy that will be built on if/when funding becomes available.

PLANS FOR THE FUTURE

SCVO has recently launched a new three-year strategic plan covering 2019-22 which will shape our operational plans.

Key areas of upcoming activity in the next year include:

- review and refine our internal operating structure to align with our strategic priorities as set out in the new strategic plan
- implement our new People Strategy to make sure our approach as an employer is up-to-date and supports culture change
- redevelop SCVO's Funding Scotland and Goodmoves websites, and working with Third Sector Interfaces to redevelop the Saltire Awards website
- publish third edition of Third Force News 'Guide to Running a Charity or Social Enterprise'
- run a dedicated programme with housing associations to tackle digital exclusion
- expand and develop our Digital Checkup support to organisations
- develop an online Good Governance Checkup to support organisations wishing to measure their governance journey against the Scottish Governance Code for the Third Sector
- new round of Carers Act Transformation fund grant, with up to £400,000 available to carers organisations in 1919/20
- ninth year of Community Jobs Scotland, aiming to create and fill 710 voluntary sector jobs for vulnerable young people aged 16-24
- work with SCVO's members and policy forum to develop a sector manifesto for the 2021 Scottish Parliamentary elections
- lead an initiative to demonstrate the value of the voluntary sector – looking at how we can measure and present the impact of the sector better

STRUCTURE, GOVERNANCE AND MANAGEMENT

Board of Trustees

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

TRUSTEES ANNUAL REPORT (continued)

Finance, Audit and Risk Committee

This is the Board's only subcommittee, set up to give detailed scrutiny to funding, risk and control systems. It reports directly to the Board, and over the year has worked on scrutinising and developing risk identification, reviewing our Cyber Security, Health & Safety and anti-fraud controls. It has also worked on developing the property strategy and directed Brexit contingency planning alongside examining internal and external controls and developing the relationship between operational planning and budgeting.

TRUSTEES ANNUAL REPORT (continued)

Senior Leadership Team

Day to day operation of SCVO is delegated to the Chief Executive and the senior leadership team. SCVO's current Chief Executive is Anna Fowlie. SCVO has a pay grading structure that covers all staff. Annual cost of living awards are made at the same rate across all pay grades.

CONTROLS

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

The three main objectives of the control system are:

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

SCVO's internal controls include:

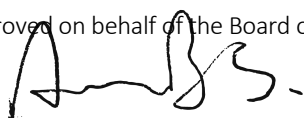
- a strategic plan and an annual budget approved by the Trustees
- regular consideration by the Trustees of financial results, variance from budgets, non-financial and performance indicators, including regular updates from the evaluation framework
- delegation of authority and segregation of duties
-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

AUDITOR

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

The Trustees would like to thank staff, members and supporters of SCVO for all that has been achieved in a year that has seen some challenges and significant changes.

Approved on behalf of the Board of Trustees



Andrew Burns (Convener)

Date: 9 October 2019

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

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

Paul Bannon (Treasurer)	Elected: 3 July 2014, retired 22 November 2018
Eliot Stark	Elected: 8 December 2016
Michelle Carruthers	Elected: 8 December 2016
Theresa Shearer	Elected: 26 November 2015
Graham Curran	Elected: 26 November 2015, resigned 28 March 2019
Rebecca Duff	Elected: 8 December 2016
Adam Lang	Elected: 8 December 2017
Sean Duffy	Co-opted: 25 July 2018
Fiona Gillespie	Co-opted: 25 July 2018
Kenneth Pinkerton	Co-opted: 25 July 2018
Andrew Burns (Convener)	Appointed: 11 January 2018
Brook Marshall	Elected: 22 November 2018

Key Management Team

Chief Executive	Anna Fowlie, appointed 23 April 2018
Deputy Executive Director	Lucy McTernan, resigned 31 May 2018
Director of Finance & Resources	Tim Hencher
Director of Corporate Affairs	John Downie
Director of Digital	David McNeill
Director of Employment Services	Donna MacKinnon

Registered Office

Mansfield Traquair Centre
15 Mansfield Place
Edinburgh
EH3 6BB

Bankers

SCVO's main bank accounts are held at:

The Royal Bank of Scotland plc
36 St. Andrew Square
Edinburgh
EH2 2AD

Auditor

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

Charity Registration Number

SC003558

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

TRUSTEES' RESPONSIBILITIES

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

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

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Account (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

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

Opinion

We have audited the financial statements of Scottish Council for Voluntary Organisations for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

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

Auditor's responsibilities for the audit of the financial statements

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 the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charity's trustees, as a body, 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.



Scott-Moncrieff

Statutory Auditor

Chartered Accountants

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

Exchange Place 3

Seample Street

Edinburgh

EH3 8BL

Date: 9 October 2014

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2019

		Unrestricted Funds	Restricted Funds	Total Funds 2019	Unrestricted Funds	Restricted Funds	Total Funds 2018
	Notes	£	£	£	£	£	£
Income from:							
Donations and legacies		1,103,923	-	1,103,923	1,102,147	-	1,102,147
Charitable activities		10,506,618	3,855,258	14,361,876	10,671,107	2,424,613	13,095,720
Investments		5,721	-	5,721	1,275	-	1,275
Total	3	<u>11,616,262</u>	<u>3,855,258</u>	<u>15,471,520</u>	<u>11,774,529</u>	<u>2,424,613</u>	<u>14,199,142</u>
Expenditure on:							
Charitable activities:							
Services to the sector		4,178,381	626,318	4,804,699	3,740,377	595,421	4,335,798
Development and capacity build		445,368	2,979,170	3,424,538	579,407	1,701,687	2,281,094
Employment initiatives		6,823,321	-	6,823,321	7,233,609	123,507	7,357,116
Total	4	<u>11,447,070</u>	<u>3,605,488</u>	<u>15,052,558</u>	<u>11,553,393</u>	<u>2,420,615</u>	<u>13,974,008</u>
Net income	7	<u>169,192</u>	<u>249,770</u>	<u>418,962</u>	<u>221,134</u>	<u>3,998</u>	<u>225,134</u>
Fund balances brought forward at 1 April 2018		<u>(364,123)</u>	<u>1,275,445</u>	<u>911,322</u>	<u>(585,259)</u>	<u>1,271,447</u>	<u>686,188</u>
Fund balances carried forward at 31 March 2019	17	<u>(194,931)</u>	<u>1,525,215</u>	<u>1,330,284</u>	<u>(364,123)</u>	<u>1,275,445</u>	<u>911,322</u>

All amounts relate to continuing activities.

The notes on pages 16 to 35 form part of these financial statements

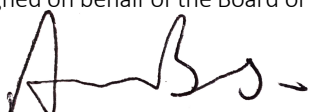
SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed Assets			
Tangible assets	9	7,170,387	7,205,743
Current Assets			
Debtors	10	1,706,744	1,046,067
Cash at bank and in hand		2,091,384	3,138,971
		<u>3,798,128</u>	<u>4,185,038</u>
Creditors: amounts falling due within one year	11	<u>(3,336,022)</u>	<u>(3,635,750)</u>
Net current assets		<u>462,106</u>	<u>549,288</u>
Total assets less current liabilities		<u>7,632,493</u>	<u>7,755,031</u>
Creditors: amounts falling due after more than one year	12	<u>(3,597,693)</u>	<u>(3,535,149)</u>
Net assets excluding non-current pension liability		4,034,800	4,219,882
Pension liability	12	(2,704,516)	(3,308,560)
Total net assets		<u><u>1,330,284</u></u>	<u><u>911,322</u></u>
Funds employed:			
Restricted funds	13	1,525,215	1,275,445
Unrestricted funds			
Designated funds	14	277,930	322,047
Pension fund	15	(3,052,516)	(3,308,560)
General funds	16	2,579,655	2,622,390
Total funds	17	<u><u>1,330,284</u></u>	<u><u>911,322</u></u>

The financial statements were approved and authorised for issue by the board on 9 October 2019.

Signed on behalf of the Board of Trustees



Andrew Burns (Convener)

The notes on pages 16 to 35 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2019

	2019	2018
Cash flows from operating activities:	£	£
Net income for the year	418,962	225,134
Adjustments for:		
Depreciation charges	261,794	257,540
Dividends, interest and rents from investments	(5,721)	(1,275)
Loss on disposal of fixed assets	21,028	-
Decrease/ (increase) in debtors	(660,677)	151,936
Increase / (decrease) in creditors	(699,531)	333,326
Interest paid	108,640	109,215
Net cash provided (used in)/ by operating activities	<u>(555,505)</u>	<u>1,075,876</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments	5,721	1,275
Purchase of property, plant and equipment	(247,466)	(227,662)
Proceeds from disposal of property, plant and equipment	-	109,290
Net cash used in investing activities	<u>(241,745)</u>	<u>(117,097)</u>
Cash flows from financing activities:		
Repayments of borrowings	(141,697)	(139,391)
Interest paid	(108,640)	(109,215)
Net cash used in financing activities	<u>(250,337)</u>	<u>(248,606)</u>
Changes in cash and cash equivalents in the year	<u>(1,047,587)</u>	<u>710,173</u>
Cash and cash equivalents at the beginning of the year	3,138,971	2,428,798
Cash and cash equivalents at the end of the year	<u>2,091,384</u>	<u>3,138,971</u>

The notes on pages 16 to 35 form part of these financial statements

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

1. Accounting policies

a) General Information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated. They comprise the financial statements of Scottish Council for Voluntary Organisations.

SCVO is a Scottish Charitable Incorporated Organisation (SCIO). It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC003558. The address of the registered office and charity registration number are given on page 8. The principal activities of the charity are discussed in the trustees' report.

b) Basis of Preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Scottish Council for Voluntary Organisations meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charity's financial statements unless otherwise stated.

c) Going Concern

The Trustees have reviewed SCVO's financial position and consider that there are sufficient resources to manage any operational financial risks, so that it is reasonable to expect that SCVO will continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

d) Income

Donations and Legacies - donations received in the year are charged to the Statement of Financial Activities when SCVO becomes entitled to the income, its receipt is probable, and the amount can be measured reliably. Donated goods and services are brought into the accounts as income at their expected cost, or a reasonable estimate thereof, with an equivalent amount reflected under expenditure when the SCVO has control over the item.

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

1. Accounting Policies (continued)

Income from grants - where related to performance and specific deliverables, is accounted for as SCVO earns the right to consideration by its performance.

Investment income - interest and investment income is included within the Statement of Financial Activities when receivable by SCVO.

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

e) Expenditure

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

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

f) Direct Costs

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

g) Cash and Cash Equivalents

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

h) Financial Instruments

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

i) Holiday Pay Accrual

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

j) Termination Benefits

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

1. Accounting Policies (continued)

a. Tangible Fixed Assets and Depreciation

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

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

b. Funds

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

c. Leases

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

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

d. Pensions

SCVO contributes to an Aegon defined contributions pension arrangement for staff. The employer makes a maximum contribution of 9% of the employee's gross salary to the scheme. SCVO also runs a pension salary sacrifice scheme for its staff. SCVO makes additional contributions towards the Scottish Voluntary Sector Pension Scheme funding shortfall as required by the scheme's pension recovery plan. This fund is now closed to new members or any further contributions from existing members. Further details on the defined benefit scheme can be found at note 19.

e. 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 (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

2. Judgement and estimates

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

- Actuarial assumptions in respect of the pension scheme. In making these assumptions, the Trustees rely on figures provided by The Pension Trust. The assumptions are shown in note 19.
- The useful economic lives of tangible fixed assets are assessed as to whether there are indicators of impairment. The annual depreciation charge is sensitive to changes in the estimated useful economic lives and residual values of the assets which are re-assessed annually taking into account factors such as physical condition, maintenance and obsolescence.

3. Income

	Unrestricted Funds	Restricted Funds	Total Funds 2019
	£	£	£
Income from donations and legacies			
Scottish Government Core Grant	925,000	-	925,000
Charities Aid Foundation	178,823	-	178,823
Donations	100	-	100
	1,103,923	-	1,103,923
Income from charitable activities			
Scottish Government Grants			
Health work	4,719	504,897	509,616
Infrastructure	-	205,920	205,920
Stronger Partnerships	-	63,327	63,327
Carers Organisation	-	499,991	499,991
Community Jobs Scotland	7,200,545	-	7,200,545
Digital Participation	-	695,172	695,172
Social Housing	-	99,929	99,929
Saltire Awards	20,000	-	20,000
European Funding	16,752	1,068,691	1,085,443
Other Grant Income	85,183	200,854	286,037
Big Lottery	-	509,210	509,210
Membership services	3,018,619	-	3,018,619
Other Earned Income	160,800	7,267	168,067
	10,506,618	3,855,258	14,361,876
Income from investments	5,721	-	5,721
Total income	11,616,262	3,855,258	15,471,520

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

3. Income (continued)

	Unrestricted Funds	Restricted Funds	Total Funds 2018
	£	£	£
Income from donations and legacies			
Scottish Government Core Grant	925,000	-	925,000
Charities Aid Foundation	176,701	-	176,701
Donations	446	-	446
	<u>1,102,147</u>	<u>-</u>	<u>1,102,147</u>
Income from charitable activities			
Scottish Government Grants			
Health work	28,314	466,062	494,376
Infrastructure	-	203,144	203,144
Stronger Partnerships	30,000	57,000	87,000
Website delivery	-	-	-
Community Jobs Scotland	7,625,891	-	7,625,891
Digital Participation	-	419,428	419,428
European Funding	16,752	345,435	362,187
Other Grant Income	65,196	59,712	124,908
Big Lottery	-	750,325	750,325
Membership services	2,789,738	-	2,789,738
Other Earned Income	<u>115,216</u>	<u>123,507</u>	<u>238,723</u>
	10,671,107	2,424,613	13,095,720
Income from investments	1,275	-	1,275
Total income	<u>11,774,529</u>	<u>2,424,613</u>	<u>14,199,142</u>

4. Expenditure

	Activities undertaken	Grant funding of activities	Support costs (Note 5)	2019 Total
	£	£	£	£
Charitable activities				
Services to the sector	3,745,490	469,723	589,486	4,804,699
Development and capacity build	1,299,947	1,827,214	297,377	3,424,538
Employment initiatives	427,263	6,281,855	114,203	6,823,321
	<u>5,470,700</u>	<u>8,578,792</u>	<u>1,001,066</u>	<u>15,052,558</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

4. Expenditure (continued)

	Activities undertaken £	Grant funding of activities £	Support costs (Note 5) £	2018 Total £
Charitable activities				
Services to the sector	3,312,396	492,880	530,522	4,335,798
Development and capacity build	1,387,615	621,951	271,529	2,281,095
Employment initiatives	464,773	6,780,465	111,877	7,357,115
	5,164,784	7,895,296	913,928	13,974,008

Services to the sector costs are further analysed below:

	2019 £	2018 £
Salaries and staff costs	2,606,396	2,517,779
Pension obligations	98,515	3,528
Onward grants	469,723	492,880
Office costs, depreciation and bank interest	1,040,579	791,089
Support costs	589,486	530,522
	4,804,699	4,335,798

SCVO paid out Employment initiatives activity grants of £6,281,855. These payments were made to 423 separate organisations for delivery of Community Jobs Scotland. None of these grants are individually material and all are onward grants under the terms of the funding.

SCVO paid out Development and Capacity Building grants of £1,827,214 relating to five projects (European Funding £1,025,149, Big Lottery £65,585, Carers Organisation £448,011, Digital Participation Grants £174,454 and Infrastructure £114,015). These payments were made to 146 separate organisations for delivery of these projects, none of these grants are individually material.

SCVO paid out Services to the Sector grants of £469,723 relating to Health Work. These payments were made to 65 different organisations. None of these grants are individually material and all are onwards grants in terms of funding.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

5. Support Cost Allocation

	Accommodation	Finance	HR	ICT	Governance	2019 Total
	£	£	£	£	£	£
Services to the sector	34,203	169,384	133,860	212,295	39,744	589,486
Development and capacity build	102,118	64,154	50,699	80,406	-	297,377
Employment Initiatives	39,217	24,637	19,470	30,879	-	114,203
	<u>175,538</u>	<u>258,175</u>	<u>204,029</u>	<u>323,580</u>	<u>39,744</u>	<u>1,001,066</u>

	Accommodation	Finance	HR	ICT	Governance	2018 Total
	£	£	£	£	£	£
Services to the sector	35,680	165,321	119,893	183,117	26,511	530,522
Development and capacity build	88,755	64,519	46,790	71,465	-	271,529
Employment Initiatives	37,708	26,182	18,987	29,000	-	111,877
	<u>162,143</u>	<u>256,022</u>	<u>185,670</u>	<u>283,582</u>	<u>26,511</u>	<u>913,928</u>

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

6. Staff Costs

	2019	2018
	£	£
Salaries	2,927,793	2,926,879
Termination payments (redundancies)	179,051	182,576
Social security costs	288,416	292,663
Other pension costs	468,922	455,606
	<u>3,864,182</u>	<u>3,857,724</u>

The average monthly number of employees during the year was 94 (2018: 96). Termination payments include £109,564 (2018: £71,967) not settled at the balance sheet date.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

6. Staff Costs (continued)

Key Management Remuneration

Key management include those individuals who have authority and responsibility for planning, directing and controlling the activities of the charity. The key management personnel of the charity are listed on page 8. The total remuneration paid for services (including employer pension contributions) was £465,412 (2018: £431,175).

The numbers of staff whose emoluments, including termination payments, for the year fell in the following bands were:

	2019 Number	2018 Number
£60,001 - £70,000	-	4
£70,001 - £80,000	4	1
£90,001- £100,000	1	-
£110,001 - £120,000	-	1
£130,001 - £140,000	-	1
£170,000-£180,000	1	-

7. Net income for the year

Net income is stated after charging:

	2019 £	2018 £
Depreciation	261,794	257,540
Auditor's remuneration - statutory audit services	11,570	11,230
Indemnity insurance	4,482	4,600
Operating lease rentals - equipment	52,739	54,298
- property	11,750	11,750

8. Related party transactions

Trustees are reimbursed for expenses incurred on travel and subsistence in the performance of their duties. Reimbursements to 4 trustees (2018: 7) amounted to £620 (2018: £2,480). No remuneration was received by Trustees in 2019 (2018: £nil).

During 2018/19 there were no payments to related parties.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

9.Fixed Assets

Tangible Assets	Land & Buildings £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 April 2018	8,532,170	498,971	417,043	9,448,184
Additions during year	152,598	83,757	11,111	247,466
Disposals	-	(53,110)	-	(53,110)
At 31 March 2019	8,684,768	529,618	428,154	9,642,540
Depreciation				
At 1 April 2018	1,544,240	307,895	390,306	2,242,441
Charge for year	160,263	94,125	7,406	261,794
Eliminated on disposal	-	(32,082)	-	(32,082)
At 31 March 2019	1,704,503	369,938	397,712	2,472,153
Net book amount				
At 31 March 2019	6,980,265	159,680	30,442	7,170,387
At 31 March 2018	6,987,930	191,076	26,737	7,205,743

Included within Land and Buildings is land with a cost of £1,867,496 (2018: £1,867,496), that has not been depreciated and leasehold improvements with a net book value of £54,859 (2018 £71,524).

10. Debtors

	2019 £	2018 £
Due within 1 year:		
Outstanding grants	172,797	31,000
Prepayments	85,812	100,705
Other debtors	1,448,135	585,935
VAT	-	325,490
	1,706,744	1,043,130
Due in more than 1 year:		
Prepayments	-	2,937
	1,706,744	1,046,067

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

11. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans	148,187	142,428
Accruals	583,257	928,134
Deferred income	873,180	1,094,274
Other taxes and social security costs	163,072	168,959
Pension costs	100,410	43,867
Other creditors	1,119,916	1,258,088
Pension recovery plan	348,000	-
	<u>3,336,022</u>	<u>3,635,750</u>

Deferred Income

Opening balance	1,094,274	704,188
Released in year	(1,094,274)	(704,188)
Deferred income for year	873,180	1,094,274
	<u>873,180</u>	<u>1,094,274</u>

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

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

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

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

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

12. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans		
Due 2-5 years	630,644	612,624
Due after 5 years	2,757,049	2,922,525
Pension costs	210,000	-
	<u>3,597,693</u>	<u>3,535,149</u>
Pension Recovery Plan	2,704,516	3,308,560
	<u>6,302,209</u>	<u>6,843,709</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

13. Restricted Funds

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

Restricted Fund: movements in the year

	1 April 2018	Income	Expenditure	31 March 2019
	£	£	£	£
Capital Grants	1,252,688	-	(18,759)	1,233,929
Poverty and Health Work	(94,647)	598,493	(588,746)	(84,900)
European Funding	-	1,068,691	(1,062,721)	5,970
Digital Participation	-	720,430	(519,795)	200,635
Big Lottery	-	389,998	(317,269)	72,729
Milo	-	145,920	(145,920)	-
Carers Organisation	-	499,991	(496,077)	3,914
Social Housing	-	99,929	(6,991)	92,938
Open Government	117,404	126,469	(243,873)	-
Other Projects	-	205,337	(205,337)	-
Total	1,275,445	3,855,258	(3,608,488)	1,525,215

Restricted Fund: movements in the prior year

	1 April 2017	Income	Expenditure	31 March 2018
	£	£	£	£
Capital Grants	1,271,447	-	(18,759)	1,252,688
Poverty and Health Work	-	500,774	(595,421)	(94,647)
European Funding	-	345,435	(345,435)	-
Digital Participation	-	444,428	(444,428)	-
Big Lottery	-	433,482	(433,482)	-
Milo	-	136,000	(136,000)	-
Disability Interns	-	123,507	(123,507)	-
Open Government	-	316,843	(199,439)	117,404
Other Projects	-	124,144	(124,144)	-
Total	1,271,447	2,424,613	(2,420,615)	1,275,445

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

Poverty and Health Work - this is a Scottish Government grant to increase the capacity and resilience of communities and local third sector organisations to provide support and skills required to mitigate the effects of welfare reform and poverty. This grant also continues the work of Building Healthy Communities Initiatives. This work shows a deficit at the year-end due to the recognition of commitments in excess of entitlement to income at this point in time.

European Funding - relates to YVDS Erasmus, SCOPE and FPSE work programmes.

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

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

13. Restricted Funds (continued)

Milo - work that SCVO does on behalf of the third sector in Scotland, we provide a data management and reporting platform known as Milo that is used by Scotland's Third Sector Interfaces (TSIs). Milo is funded by the Scottish Government.

Carers Organisation - Scottish Government funding to develop local capacity through improvements to systems and technology, rather than direct delivery or support to carers.

Social Housing – a Scottish Government funded project to increase digital participation in the social housing sector.

Open Government - the Open Government Pioneers Project, an initiative taking place across the whole of the UK, funded by the Big Lottery to build the capacity of citizens and civil society to use open government methods to secure progress towards the UN Sustainable Development Goals (SDGs).

14. Designated Funds

	2019 £	2018 £
Balance at 1 April 2018	322,047	368,975
Transfer from general funds	(44,117)	(46,928)
Balance at 31 March 2019	277,930	322,047

Other Tangible Assets Reserve

This reserve has been created to represent the reserves that are not available for other activities since they have been used to purchase fixed assets. The transfer from general funds represents the depreciation charge for the year.

15. Pension Fund

	2019 £	2018 £
Balance at 1 April 2018	(3,308,560)	(3,972,661)
Movement in defined benefit obligation	-	4,000
Transfer from general funds	256,044	660,101
Balance at 31 March 2019	(3,052,516)	(3,308,560)

16. General Funds

	2019 £	2018 £
Balance at 1 April 2018	2,622,390	3,018,427
Net income for year	169,192	217,136
Transfer to designated funds	44,117	46,928
Transfer to pension fund	(256,044)	(660,101)
Balance at 31 March 2019	2,579,655	2,622,390

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

17. Analysis of Net Assets between Funds

	Restricted Funds £	Designated Funds £	Pension Fund £	General Funds £	2019 Total £
31 March 2019					
Tangible fixed assets	1,233,928	277,930	-	5,658,529	7,170,387
Net current assets	291,287	-	(348,000)	518,819	462,106
Long-term liabilities	-	-	(2,704,516)	(3,597,693)	(6,302,209)
	<u>1,525,215</u>	<u>277,930</u>	<u>(3,052,516)</u>	<u>2,579,655</u>	<u>1,330,284</u>

	Restricted Funds £	Designated Funds £	Pension Fund £	General Funds £	2018 Total £
31 March 2018					
Tangible fixed assets	1,252,688	322,047	-	5,631,008	7,205,743
Net current assets	22,757	-	-	526,531	549,288
Long-term liabilities	-	--	(3,308,560)	(3,535,149)	(6,843,709)
	<u>1,275,445</u>	<u>322,047</u>	<u>(3,308,560)</u>	<u>2,622,390</u>	<u>911,322</u>

18. Administered Funds

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

	2019 £	2018 £
Current assets		
Cash at bank and in hand	<u>11,834</u>	<u>15,552</u>
Creditors: amounts falling due within one year		
Covenant and gift aid funds	<u>1,715</u>	<u>4,715</u>
Other funds	<u>10,119</u>	<u>10,837</u>
	<u>11,834</u>	<u>15,552</u>
Total assets less liabilities	<u>-</u>	<u>-</u>

Total income administered during the year amounted to £50 (2018: £10,050) and disbursements totalled £3,768 (2018: £10,446).

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

19. Pension Commitments

SCVO participates in two multi-employer Defined Benefit pension schemes

19.1 Scottish Voluntary Sector Pension Scheme

SCVO participates in the Scottish Voluntary Sector Pension scheme, a multi-employer scheme which provides benefits to some 102 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the SCVO to obtain enough information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation was certified on 19 December 2018 and showed assets of £120.0m, liabilities of £145.9m and a deficit of £25.9m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that the additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2026:	£1.5m per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2019 to 31 October 2024:	£82,000 per annum (payable monthly and increasing by 3% each on 1st April)

Note the schemes previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £88.2m, liabilities of £122.1m and a deficit of £33.9m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions as follows:

Deficit contributions

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

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

As the scheme is in deficit and SCVO has agreed to a deficit funding arrangement SCVO recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

19. Pension Commitments (continued)

agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Values of Provision			
	31 March 2019 (£000s)	31 March 2018 (£000s)	(£000s)
Present value of provision	2,942	3,153	3,531

Reconciliation of opening and closing provisions			
	Period Ending 31 March 2019 (£000s)	Period Ending 31 March 2018 (£000s)	
Provision at start of period	3,153	3,531	
Unwinding of the discount factor (interest expense)	77	71	
Deficit contribution paid	(279)	(378)	
Remeasurements - impact of any change in assumptions	67	(67)	
Remeasurements - amendments to the contribution schedule	(76)	(4)	
Provision at end of period	2,942	3,153	

Income and expenditure impact			
	Period Ending 31 March 2019 (£000s)	Period Ending 31 March 2018 (£000s)	
Interest expense	77	71	
Remeasurements – impact of any change in assumptions	67	(67)	
Remeasurements – amendments to the contribution schedule	(76)	(4)	

Assumptions			
	31 March 2019 % per annum	31 March 2018 % per annum	31 March 2017 % per annum
	1.46	2.01	1.76

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

19. Pension Commitments (continued)

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

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

Deficit Contributions Schedule

Year ending	31 March 2019 (£000s)	31 March 2018 (£000s)	31 March 2017 (£000s)
Year 1	329	279	270
Year 2	339	287	279
Year 3	349	296	287
Year 4	359	304	296
Year 5	370	314	304
Year 6	381	323	314
Year 7	393	333	323
Year 8	405	343	333
Year 9	208	353	343
Year 10	-	364	353
Year 11	-	374	364
Year 12	-	386	374
Year 13	-	397	386
Year 14	-	205	397
Year 15	-	-	205

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

SCVO has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2018. As of this date the estimated employer debt for SCVO was £12,220,774.

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCVO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

19. Pension Commitments (continued)

19.2 The Growth Plan

SCVO also participates in The Growth Plan, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for SCVO to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum
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(payable monthly and increasing by 3% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each year on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each year on 1st April)

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

19 Pension Commitments (continued)

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

Present values of provision

	31 March 2019 (£000s)	31 March 2018 (£000s)	31 March 2017 (£000s)
Present value of provision	111	156	176

Reconciliation of opening and closing provisions

Period ending	31 March 2019 (£000s)	31 March 2018 (£000s)
Provision at start of period	156	176
Unwinding of the discount factor (interest expense)	2	2
Deficit contribution paid	(20)	(20)
Remeasurements - impact of any change in assumptions	1	(2)
Remeasurements - amendments to the contribution schedule	(28)	-
Provision at end of period	111	156

Income and expenditure impact

Period Ending	31 March 2019 (£000s)	31 March 2018 (£000s)
Interest expense	2	2
Remeasurements – impact of any change in assumptions	1	(2)
Remeasurements – amendments to the contribution schedule	(28)	-

Assumptions

	31 March 2019 % per annum	31 March 2018 % per annum	31 March 2017 % per annum
Rate of discount	1.39	1.71	1.32

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

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

19. Pension Commitments (continued)

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

Deficit contribution schedule

Year ending	31 March 2019 (£000s)	31 March 2018 (£000s)	31 March 2017 (£000s)
Year 1	19	20	20
Year 2	19	21	20
Year 3	20	21	21
Year 4	20	22	21
Year 5	21	23	22
Year 6	18	23	23
Year 7	-	24	23
Year 8	-	12	24
Year 9	-	-	24
Year 10	-	-	12

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

SCVO has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan based on the financial position of the Scheme as at 30 September 2018. As of this date the estimated employer debt for SCVO was £161,799.20.

20. Leasing Commitments

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

	Buildings		Office Equipment	
	2019 £	2018 £	2019 £	2018 £
Falling due				
- within 1 year	11,750	11,750	16,458	40,314
- in 1 to 5 years	26,438	35,250	1,080	54,547
- more than 5 years	-	2,938	-	-
	<u>38,188</u>	<u>49,938</u>	<u>17,538</u>	<u>94,861</u>

SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS (SCIO)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019

21. Lessor Income

The total future minimum rental income under operating leases

	2019 £	2018 £
Expiring within 1 year	<u>165,458</u>	<u>168,556</u>

22. Financial Instruments

	2019 £	2018 £
Financial assets		
Cash at bank	2,091,384	3,138,971
Financial assets measured at amortised cost	<u>1,620,932</u>	<u>616,935</u>
	<u>3,712,316</u>	<u>3,755,906</u>
Financial liabilities		
Financial liabilities measured at amortised cost	5,596,201	5,907,667
Financial liabilities measured at fair value through the SOFA	<u>3,052,516</u>	<u>3,308,560</u>
	<u>8,648,717</u>	<u>9,216,227</u>

Financial assets measured at amortised cost include outstanding grant income and other debtors.

Financial liabilities measured at amortised cost include bank loans, pension costs, other creditors and accruals.

Financial liabilities measured at fair value through the SOFA represent pension liabilities.

23. Post Balance Sheet events

On 26 June 2019 SCVO sold its interest in Hayweight House (Edinburgh) to the Scottish Association for Mental Health. Net cash received from the sale after repayment of loan obligations to Unity bank of £1,151,852 was £1,748,148. The sale of Hayweight House was part of strategic decision to focus on fewer properties for the time being. SCVO's property strategy remains, to provide good quality affordable spaces to the voluntary sector, with mission taking precedent over investment opportunities.