

Charity Registration No. SC012950 (Scotland)

Company Registration No. SC018487 (Scotland)

**ABERDEEN ASSOCIATION OF SOCIAL SERVICE
(OPERATING AS VSA)**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018**

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ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

A Hunter (Chair of Trustees)
A Gall (Treasurer)
P Murray
K Begg
G Miller
L Fenn
H Ouston
K Sinclair
D Watson
S Burt

Secretary K Simpson (Chief Executive)

Charity number (Scotland) SC012950

Company number SC018487

Operating name VSA

Registered office 38 Castle Street
Aberdeen
AB11 5YU

Auditor RSM UK Audit LLP
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Bankers Bank of Scotland
PO Box 10
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38 St Andrew Square
Edinburgh
EH2 2YR

Solicitors Burness Paull LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1DQ

Investment advisors Standard Life Wealth Ltd
1 George Street
Edinburgh
EH2 2LL

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

LEGAL AND ADMINISTRATIVE INFORMATION

Internal auditors

Anderson Anderson & Brown LLP
Kingswell View
Prime Four Business Park
Aberdeen
AB15 8PU

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

CONTENTS

	Page
Trustees' report	1 - 16
Statement of Trustees' responsibilities	17
Independent auditor's report	18 - 20
Statement of financial activities	21
Balance sheet	22
Statement of cash flows	23
Notes to the financial statements	24 - 44

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The Trustees present their report and financial statements for the year ended 31 March 2018.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Strategic report

The descriptions under the headings "Principal risks and uncertainties", "Reports from services" and "Financial review" meet the company law requirements for the Trustees, in their role as company Directors, to provide a strategic report.

Objectives and activities

The objects of the charity are:

- To provide for the general welfare of children, families, adults, older people, disabled people and people in need who are partially or wholly unable to provide for themselves.
- To act in co-operation with the statutory authorities and other organisations, voluntary or otherwise, engaged in the furtherance of general welfare.
- To establish, take over or administer, either alone or along with others, charitable funds or agencies, either as Trustees or in any other capacity.
- To establish and operate agencies or bureau for the purpose of giving advice or assistance on problems of a monetary and/or social nature, to those in need.
- To provide facilities for training in social service and for advancing the interest of the public in social work.

The main objectives and activities for the year continued to focus on providing a high level of care to existing service users whether they be children, families, adults or older people. The Trustees have had specific regard to the OSCR charity best guidance in relation to Public Benefit.

Mission

The charity's mission is to provide the best of care and best of lives to enable our community to fulfil its potential.

Structure, governance and management

Governing document

Aberdeen Association of Social Service, operating as VSA (the charity), is a charitable private company limited by guarantee and governed by its Memorandum and Articles of Association as amended on 30 May 2002. It is a registered charity with the Office of the Scottish Charity Regulator (OSCR). Anyone can become a Member of the company each of whom agrees to contribute one pound sterling in the event of the charity being wound up. There are two classes of Member, namely Annual Member and Life Member, dependent on subscription levels. There are 23 Annual Members and 49 Life Members as at 31 March 2018.

The Trustees, who are also the directors for the purpose of company law, who served during the year and up to the date of signing the financial statements were:

A Hunter (Chair of Trustees)	
C Inglis (Vice Chair of Trustees)	(Resigned 14 June 2018)
A Gall (Treasurer)	
P Murray	
K Begg	(Appointed 5 February 2018)
G Miller	(Appointed 19 July 2017)
L Fenn	(Appointed 19 July 2017)
H Ouston	

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

K Sinclair

D Watson

C Campbell

S Burt

S Smith

F Dalgarno

(Resigned 15 May 2017)

(Appointed 22 April 2018)

(Resigned 3 April 2017)

(Resigned 5 July 2017)

Recruitment and appointment of Trustees

The Board of Trustees aims to be a clearly identifiable body with the right balance of skills and experience to govern VSA effectively. Each Trustee has an individual, as well as collective, responsibility for exercising general control and management over the administration of VSA. The Board of Trustees directs the affairs of VSA and ensures that it is well run, delivers on its charitable objectives for the benefit of the public and remains solvent at all times. The Board of Trustees understands its responsibilities and ensures it has systems in place to deliver them effectively. This includes the identification of the broad skills, knowledge and experience required for the effective direction of VSA. The recruitment, selection and rotation of trustees are based on the mix of skills, knowledge and experience that individuals have to offer, bringing diversity to the Trustee body. All potential Trustees are interviewed by a group of nominated Trustees before being recommended to the Board for approval.

The Board of Trustees is comprised of members who are elected as individuals. Members of the Board are elected at the Annual General Meeting, normally for a period of three years and for two terms of office. Usually one-third of current Board members retires each year, and are eligible for re-election, usually for no more than three terms of office. Members can be co-opted to the Board as vacancies arise, and may be nominated for election at the next Annual General Meeting. There should be no less than ten and no more than eighteen members on the Board.

VSA follows the OSCR regulations and guidance on Trustee remuneration and no Trustees will be remunerated from the charity's assets unless there are exceptional circumstances that arise which comply with the OSCR regulations and guidance. There were no Trustee remuneration payments and no payments for expenses to the Trustees in the reporting year.

Indemnity insurance is in place to protect the directors against the consequences of any neglect of defaults.

Key management personnel at 31 March 2018

K Simpson

J Booth

G Edwards

J Ewen

A Garden

J Mitchell

C Nicholson

C Tamm

Chief Executive & Company Secretary

Deputy Chief Executive

Director of Finance

Director of Adult and Community Services

Director of Children & Family Services

Director of External Relations

Director of Human Resources, Learning & Development

Director of Linn Moor Campus

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Organisational structure

The Board of Trustees meets quarterly to deal with normal business and although the Company Secretary sits on the Board he has no voting rights. The governance and management structure of the charity is such that there is a Services Committee and a Corporate Resources Committee. There is also an Audit & Risk Sub Committee, reporting to the Corporate Resources Committee. These Committees meet regularly to monitor the work and performance of the charity and to develop new policies and initiatives as appropriate and make recommendations to the Board of Trustees. An Executive Committee can be called to act on behalf of the Board as required.

Dr K Simpson, as Chief Executive, is appointed by the Trustees to manage the operations of the charity. A scheme of delegated authority, approved by the Trustees, is in place to facilitate effective operations. The Chief Executive is supported by a restructured Senior Management Team consisting of a Deputy Chief Executive, a Director of Finance and five Directors. The Senior Management Team was restructured following a review of operational priorities and future work programmes.

Trustee induction and training programmes

New Trustees are provided with a copy of the Memorandum and Articles of Association and a pack of other documents (such as financial regulations) that describe the role, functions and operations of the Board, Committees and Sub Committees. New Trustees are also provided with, and briefed, on a document explaining the role of Board members as Company Directors and charity Trustees. The documents, which are now available on the VSA website, explain Board Members' legal obligations under charity and company law. There is a regular and varied programme of Trustee induction and training in place. During the financial year regular training sessions were also undertaken with a particular focus on:

- The principles of good governance.
- Respective roles and responsibilities for Trustees and senior management.
- Review of the Memorandum and Articles of Association.
- Trustees' skills matrix and contributions to VSA activities.
- Responsibilities and duties on the implementation of the General Data Protection Regulation (GDPR).
- Reviewing the external perspective and wider context within which VSA operates.

Remuneration policy

VSA's remuneration policy is based on motivating staff to achieve the aims and objectives of the organisation, in line with its charitable aims and objectives.

As a people based organisation, VSA aims to provide a competitive remuneration package to attract, motivate and retain staff at all levels, recognising the local employment market conditions. The Board of Trustees previously appointed a Remuneration Group, which has been absorbed within the remit of the Audit & Risk Sub Committee that will advise trustees on the remuneration policy for both senior personnel and staff at all other grades within the organisation. The Director of Human Resources, Learning & Development provides advice to the trustees on the review and implementation of VSA's remuneration policies and practices.

The following methods are used to assist with decisions on employee remuneration:

- To monitor staff retention and recruitment to ensure VSA remains competitive.
- To conduct benchmarking exercises within the sector and local economy to ensure VSA is competitively placed.
- To consult local and national surveys relating to executive and management pay as well as staff at all levels.
- To seek legal and professional advice on remuneration to ensure VSA complies with equal pay and living wage requirements.
- To develop remuneration and benefits strategies which are budgeted and cost effective to retain key personnel (retention payments, allowances, pensions' entitlements, holiday entitlements, flexible working arrangements etc.).

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The key focus for the charity in recent times has been ensuring that VSA continues to pay frontline staff on or above the Scottish Living Wage. Despite uncertainties around funding levels VSA has been able to achieve this and also manage the knock on effects relating to salary differentials for all grades across the organisation. Given the challenging local job market it is important that the charity remains competitive to attract quality staff to deliver high quality services to achieve the best of care and best of lives for the many people we support.

Achievements and performance - Reports from services and key outcomes

VSA has been delivering services to the citizens of Aberdeen for 148 years and has a well established reputation for delivering a high standard of care that has been verified by external regulatory bodies to allow service users to live the best of lives. VSA's services are focused on four discrete groups: Children & Family Services, Adult & Community Services, Education & Learning Services, Carers & Supporting People Services; providing a wide range of community-based services to a diverse population. There are also reports on volunteering within VSA, as well as other support, training and retail services.

(1) Children and family services

As a leading social care charity, VSA continually supports and strengthens the future of children and families through a variety of services. Professionally trained staff and volunteers are inclusive and flexible in their practice, recognising and respecting diversity, changing needs and reducing inequalities.

During the year VSA provided a breadth of services, with the aim of ensuring best outcomes for the most vulnerable of children and families in the local community. However some service areas continue to be affected by changes in Aberdeen City Council's commissioning arrangements. For example, with effect from September 2018 the parenting assessments, currently undertaken at Richmondhill House on a residential basis, will be delivered as part of a public social partnership in collaboration with Aberdeen City Council and Aberlour Trust. However the residential service will be maintained at Richmondhill House, providing residential and community based support and assessment for vulnerable families who face a range of social, emotional and behavioral difficulties, given that during the financial year there was a significant increase in referrals to the service from other local authorities across Scotland, with 68% of placements being from outwith the Aberdeen City Council area.

Key Outcomes:

At Richmondhill House 21 families and 19 children (all under 3 years) supported during the year. 9 parents were provided with intensive parenting support in their own homes on a one-to-one basis. Through the pre-birth group work programme, in collaboration with our partner organisations, the outreach service worked directly with 18 young mums prior to birth of their babies.

The revised tendering and commissioning arrangements, which were in place throughout 2017/18, will be continued in 2018/19 and included within this will be some of our services for children with additional support needs (ASN).

The specialist Children and Families teams continued to provide school based counselling for children within three of the city's Associate School Groups. We also continued to support inclusion of children with ASN through the Additional Support Needs Advisory Project (ASNAP) and in our nursery - Maisie Munro's - where care and support was provided to all children in a small and nurturing environment. The Family Contact Centre also helped children build and strengthen relationships with their contact parent.

Key Outcomes:

An average of 14 children supported directly each month. Continued development of the Engage-Include-Improve Project aimed at raising staff awareness of mindful behavior and responses to children. Service has been expanded to include collaboration with partner organisations.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

(2) Adult and community services

These services strive to provide the best of care, while promoting independent living and social integration, ensuring the individuals accessing them have every opportunity to live the best of lives. The approach is always needs-led by placing the individual at the centre of what the charity does, assisting them in having every opportunity to lead fulfilling and meaningful lives.

Adult and Community Services fall under three main types:

- Services for older people
- Mental wellbeing services
- Services for individuals with a learning disability

Services for older people

VSA touches the lives of thousands of local older people every year. A range of flexible and adaptive services were offered throughout the year, including two residential Care Homes - Ruthrieston House and Crosby House and two Housing with Support/Care at Home services - Broomhill Park and Cloverfield Grove.

Two activity centres at Broomhill and Woodside offered members a range of stimulating activities, classes and peer groups for the over 50's.

The residential care homes at Ruthrieston House and Crosby House were in high demand during the financial year, with a number of referrals waiting for placements. However during the financial year there was a drop in referrals to the Cloverfield Grove and Broomhill Park. Both these locations deliver a care at home/housing support model of care. The original contract for these services with Aberdeen City Council was to provide care for adults over 65 years of age. Through discussions with care management, contract managers and the lead officer on delayed discharges, VSA successfully negotiated that the age eligibility for this service be decreased to 55 years and over which means that adults with a learning disability or mental ill health issues are also now eligible. This resulted in a pick-up in the number of referrals.

During the last quarter of the financial year the service looked at assessment pathways into our older peoples' services with the aim of reducing the time taken from initial referral to admission to the service. With this in mind VSA created the role of Admissions Manager who will take the lead on this and carry out assessment of prospective clients, liaise with the local authority and our own property and office services teams with the objective of making the overall process, from a time perspective, much shorter.

Key Outcomes:

An average of 246 adults were directly supported across all service locations. There were 1.9 million hours of care provided throughout the financial year. Westerton House achieved Grade 6 (Excellent) from the Care Inspectorate. This grade is only given where services are deemed to be innovative and leaders in their field. All other establishments inspected achieved grades 4 or 5 (good or very good). Partnership working developed with a number of organisations eg British Red Cross, Marie Curie, Turning Point, Alzheimers Scotland.

Mental wellbeing services

VSA supported over 200 people during the year with a diagnosis of mental illness in Aberdeen City. Services varied depending on need, from outreach services delivered in the community, to residential care homes. All mental health services focus on supporting recovery and building resilience of people, not just on treating or managing symptoms. The mental health service includes three care homes for adults with enduring mental health issues, one housing support/care at home service, one rehabilitation unit and an outreach service.

Key Outcomes:

Two mental health operational service managers completed a train the trainers course in recovery coaching and subsequently trained the majority of mental health staff.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Services for individuals with learning disability

VSA understands the importance of meaningful placements for adults with learning disabilities and is committed to ensuring a high standard of care for every individual accessing our services. Life, vocational, social and personal skills are developed in a safe way that is meaningful to the individual. VSA offers Housing Support and Care at Home for adults with learning disabilities, providing a person-centered approach to community care. Tenants are given support to maintain their own tenancies both at Craigton Grove and throughout Aberdeen City.

Key Outcomes:

A number of collaborative working initiatives were developed with partners e.g. "A' the gither in Aberdeen" learning disability strategy with Aberdeen City Council.

Easter Anguston Farm

This is a working farm near Peterculter, which offers vocational training for adults with additional support needs. Service users can gain life skills along with skills in animal husbandry, horticulture, agriculture, catering and retail.

Key Outcomes:

A new business development plan for the farm, including farm shop and café was implemented during the financial year.

(3) Education and learning services

VSA provides exceptional outcome driven educational opportunities for individuals with additional support needs. The education and learning services provide individual and person-centered packages of care and education for each child and young adult that focus on life, academic and vocational skills development.

Linn Moor Residential School

Linn Moor Residential School has a long history of providing specialist residential care and education for children and young adults with autism, related conditions such as social and communication difficulties, and learning disability.

Linn Moor strives to empower the children and young people we support and provide them with the skills they need to live exceptional lives. Learning opportunities continued to be promoted in a range of resource rich environments within the local and wider community that allow individuals to generate the skills learned at Linn Moor. Activities in the community are varied and planned to match individual interests and strengths. Children and young people are encouraged to develop transferrable academic, vocational and life skills that will support them in adulthood.

Linn Moor's residential provision consists of seven self-contained group homes. The charity strives to ensure the highest levels of accommodation and care standards in all of our residences, creating warm and homely environments. There are close working relationships between the specialist teams ranging from care, education, health and therapy, ensuring that everyone's contribution is sought and valued. Knowledge is shared through the delivery of internal and external training and workshops. At Linn Moor children and young people are at the centre of all that we do and each person is respected as unique in terms of their needs and aspirations. Whilst this presents challenges the focus is on their rights to have and enjoy an ordinary life and to access the opportunities open to other young people in society.

Key Outcomes:

24 young people were supported during the financial year. 139,000 hours of care provided. 1,110 hours of education per student provided. 21,100 hours of support in education provided. 960 outings arranged during the year. 2 young people transitioned back into the community.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Rowanlea House & Cottage (supporting young people with the transition to adult life)

Rowanlea specialises in providing a skilled approach to transition for people aged 18 years and above. The service focuses on providing outcomes based approach to support and develop young people in areas ranging from domestic and personal skills, community involvements and the attainment of educational qualifications. This approach is designed to build, promote and empower the young people to become as independent as possible within a supportive and stimulating environment. Each young person within the service has a programme which is tailored to their specific needs and wishes. Throughout the financial year the programme was regularly reviewed to reflect that each young person was growing and developing.

Key Outcomes:

Five young men were fully involved in making choices about their home and activities throughout the year, developed in conjunction with specialist health professionals. Discussions held with Scottish Qualifications Authority (SQA) to ensure that SQA modules continue learning in a way that promotes self-esteem and sense of achievement. Arts and crafts classes have been developed to expand the repertoire of experiences.

(4) Carers and supporting people services

Specialist day care and home support

VSA provides support to adults carers throughout Aberdeen City. The carers' support services include Airyhall Carers Respite service offering day care support to adults over 55 years who have a diagnosis of dementia or other neurological condition, as well as weekend day care and home support for those suffering with dementia.

The Carers Services has bases in Castle Street, Cornhill Hospital and Airyhall. The Carer Advisors work closely with individual carers as well as partners within the Aberdeen City Health and Social Care Partnership to help represent the views of carers across the city. VSA has been actively involved in the local Carers Strategy and Implementation Group, and was fully prepared for the implementation in April 2018 of the Carers (Scotland) Act 2016.

Carer advisors work closely with individual carers in localities across the city, offering advice, information and support on all aspects of caring. There was a comprehensive calendar of activities throughout the financial year where carers could join in and have fun, meet new people and learn new skills and activities along with advice on accessing support and funding for things like short breaks. These were all intended to support carers in their role.

Key Outcomes:

Ongoing support was provided to approximately 1,000 carers during the year with 179 new carers using the service. 16 carers were each provided with up to 6 formal counselling services during the year.

(5) Volunteers

The work of VSA is supported and enabled by the input of volunteers. Throughout its history VSA has appreciated the support of many individuals, groups and associations who have offered their services and assistance on a voluntary basis. Volunteering covers a wide range of tasks, duties and commitments, from practical support to service delivery, corporate volunteering, assisting with fundraising or taking on a substantial responsibility as a trustee on the Board. As a service delivery organisation VSA values the role of volunteers in supporting the delivery of the best of care, helping those who need and rely on our services to achieve the best of lives. Within VSA volunteering adds to the quality of care and support, allows specific projects to be completed, assists with fluctuating workload pressures, helps to improve the physical environment and contributes to reducing running costs. Volunteers experience benefits in developing new skills, being part of a team and contributing to society. Volunteering is supported and resourced to ensure that the VSA offer is both appealing and rewarding for individuals and is also viable and valuable to the organisation. Volunteering is an integral part of the VSA service delivery model. We continue to look ahead and plan to maximize the quality of the contribution that volunteers make, as well as the support that the charity can offer to all those who support the organisation.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Volunteering - Individuals

Over the 2017/18 financial year the volunteering and development team continued to focus on the quality of the volunteering experience, working with operational staff to identify beneficial opportunities for volunteers, ensuring that their efforts added value and contributed effectively to the achievement of VSA's social impact and our charitable objectives. There was a review of where and how volunteers could best contribute and we have also extended the ways in which volunteers can be supported with the aim of enabling and encouraging more people in the community to participate. This will widen the demographic profile of those who support VSA and provide worthwhile and meaningful opportunities for them. Creating this kind of volunteering strategy not only helps VSA increase levels of community involvement and engagement but it also can bring benefits to individuals who might use volunteering as apart of their rehabilitation strategy to overcome isolation or to increase skills and confidence. The VSA Charity Bookshop has many positive examples of the impact volunteering can have on individuals and the local community and we aim to extend this approach to other parts of the organization where it is appropriate.

There has been a strong focus on the quality of the volunteering process and experience for everyone who contacts us, demonstrating the value we place on volunteers and our appreciation of their contribution to our work. The volunteering and development team ably support both existing and prospective volunteers, from initial point of contact through to recruitment and training, and continue to provide support, mentoring, guidance and management to those with active volunteer roles.

There are systems and processes in place so that every potential volunteer is given timely, accurate and appropriate information. Recruitment, induction, training and ongoing support is approached in a standardised way across the organization. This will be enhanced when new business systems are introduced. This kind of dedicated support is invaluable to the volunteers and to the development of volunteering within the city. There are several examples of individuals who took their first tentative steps as VSA volunteers and who have now re-trained or developed new skills and are engaged as VSA staff. In order to provide this level of support there has been a conscious effort to rationalize volunteering to areas of the organisation where it adds real value.

Volunteering - Groups and Associations

Corporate volunteering has been very successful during 2017/18, with a substantial increase in the demand from local and national companies to support VSA in this way. Corporate volunteering provides a mutual benefit in the sense that the corporate organisations benefit from fulfilling their corporate and social responsibilities whilst also using the exercise as part of team building or development opportunities. Whilst VSA are the beneficiaries of the volunteering time and the contribution made to our services and environments, it also provides the charity with the opportunity to engage and build long term relationships with the local business community to secure long term corporate partnerships. Working with the fundraising team, this generates potential to engage groups and companies in offering financial support to VSA. It is anticipated that the levels of corporate volunteering will increase in the years ahead, and with it the opportunities to generate corporate sponsorship.

Key Outcomes:

During 2017/18 financial year there were 23 corporate volunteering days which equated to 3,600 corporate volunteering hours. Based on the Scottish Living wage of £8.75 per hour this equates to a wage equivalent of £31,500 per annum. Given some of the projects undertaken and ongoing support from these corporations this is considered to be a conservative figure in terms of the actual contribution and value that corporate volunteering brings to VSA. The Volunteering and Development Team, along with Fundraising Team have coordinated this tremendous effort.

Volunteering - Internal

An additional area of development over the 2017/18 financial year has been the increased level of internal volunteering, where employees from across the organisation give their personal time to support frontline services and fundraising events. This brings benefits for the individual and also shows the dedication and commitment of our employees in going beyond their role to support their colleagues in other parts of the organisation.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Plans for the future include continuing to extend opportunities for a wide range of volunteers, tracking the development of longer term relationships with corporates and continuing to encourage internal volunteering.

(6) Training, other support and retail services

VSA also offers some unique retail opportunities, visitor attractions and training services which are also available to the wider public; from the Mercat Book Shop in Castle Street to the recently renovated Easter Anguston Farm, Shop and Cafe just outside Peterculter.

There was also a focus on staff training and development across the organisation during the financial year.

Key Outcomes:

541 staff attended "face to face" courses. There were 620 users on the Qintil training system with 36 courses assigned across all job roles. 19,700 training modules were completed which equated to 3,800 hours of learning throughout the year. There are 115 more lifesavers as a result of all First Aid courses held during the year.

The VSA SVQ Centre continues to achieve very positive results and feedback from SQA verifiers. A professional development award in achieving excellence in dementia skilled practice was promoted for the first time. The award supports staff to meet the standards of care for Dementia Scotland. 96 candidates completed awards through the Centre during the financial year. A recent bid to offer Modern Apprenticeships was successful. This will allow VSA to support staff through an enhanced programme of study towards their registrable qualifications.

(7) Key outcomes across all services

As well as the key outcomes highlighted under the individual Reports from Services there were a number of all-service key outcomes during the year.

An average score of 5.0 (rating of very good) was achieved for all Care Inspections reported during the financial year. The target set was an average score of at least 4.0 (good).

Agency staffing spend across all Services was £320,100 (2017: £573,100) which represents a 44% reduction on the comparative spend in the previous financial year. This very positive outcome was due to a successful initiative by the Human Resources team to reduce agency spend and replace it with an increased staffing resource delivered by the growth of the relief staffing pool. This resulted not only in an overall cost reduction but more importantly an improved experience for service users.

The average staff absence rate during the financial year across all Services was 2.7% (2017: 3.2%). This very positive outcome was due to an increased focus on early intervention by the Business Partners in the Human Resources team, with referrals to Occupational Health as appropriate.

Average staff turnover during the financial year was 26.9% (2017: 26.0%). This is in line with national benchmarks for the care sector. However with the introduction of the Human Resources Business Partner model there will be an increased focus on proactively managing performance and absence issues that will, going forward, have a positive impact in this area.

Looking at overall budget performance the target was to achieve a break even budget on operational activities ie before accounting for non-cash items such as depreciation and unrealised gains/losses on investments, and before including spend met from designated funds. This was achieved with a surplus across operational budgets of £105,900 (2017: £938,000).

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Financial review

The 2017/18 financial year was the second year of adoption of the Accounting Standard FRS102 and the Charities Statement of Recommended Practice (SORP).

The financial results of the charity show net outgoing resources for the year of £1,592,000 (2017: net incoming resources of £1,150,000). This is further analysed as follows:

	£
Net outgoing resources	(1,592,000)
Add back:	
Depreciation charged to unrestricted funds	525,600
Depreciation charged to revaluation reserve	402,100
Minor Work and Health & Safety expenditure charged to designated funds	751,000
Unrealised loss on investments	368,900
Realised gain on investments	(349,700)
Net surplus across operational budgets	105,900

The trustees agreed to create a Designated Fund of £500,000 from within Unrestricted Reserves during the financial year to meet the cost of a wide programme of health & safety works, with a specific focus on fire safety initiatives projects. Additionally a designated fund for Minor Works was created in the 2016/17 financial year and the sum of £342,000 was carried forward to the 2017/18 financial year to meet the cost of an extensive programme of minor works/repairs & maintenance. The programme was determined on a corporate priority basis. The sums of £170,000 and £25,000 are available for carry forward to the 2018/19 financial year on Health & Safety initiatives and Minor Works programmes respectively.

The trustees also agreed to create a Designated Fund for Compliance, to meet the first year costs in 2018/19 of the newly created team responsible for all aspects of governance and compliance and £150,000 was set aside for this.

There were net losses on investments of £19,000 in the year (2017: net gains of £778,000). There was a realised gain from the sale of some investments during the financial year of £350,000 (2017: realised gain of £274,000), offset by an unrealised loss on the value of investments held at 31 March 2018 of £369,000 (2017: unrealised gain of £504,000) as a result of the general fall in stock market values in the three month period ended 31 March 2018.

Thereafter, the net movement in funds, after other recognised gains/losses and exceptional items, was a decrease of £1,592,000 compared to an increase of £17,925,000 the previous financial year. The increase in the previous financial year arose largely as a result of a periodic revaluation of Fixed Assets as at 31 March 2017, increasing their value by £16,775,000. There was no similar revaluation this year. The total funds carried forward at 31 March 2018 was £35,873,000 (2017: £37,465,000).

There was a transfer of funds from Endowment Funds to Unrestricted Funds of £48,000. This relates to a decision in 2016/17 to submit an application to the Office of the Scottish Charity Regulator (OSCR) under their "Proposed Restructured Funds Reorganisation Scheme" to reclassify seven individual Endowment Funds totaling £48,000 as Unrestricted Funds so they could be put to more effective use within the charity's overall charitable objectives. This was approved by OSCR on 10 May 2017 therefore the transfer is reflected in the current year's financial statements.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Capital expenditure incurred during the financial year was £713,000 compared to £576,000 being expended in the previous financial year. Capital expenditure was incurred over a range of projects including acquisition of the building at 46 Castle Street (£257,200), Easter Anguston Farm café extension (£21,000), new energy efficient central heating system at Forestgait Lodge (£19,300), upgrade lighting system at Broomhill Park (£18,100) as well as preparatory costs on the new build at Abergeldie Road (£215,700) which will be used to build supported accommodation for adults.

The movement in Designated Funds, within Unrestricted Funds, is detailed at note 25 to the Financial Statements.

Reserves policy

The charity aims to maintain adequate level of available reserves to:

- Provide protection against fluctuations in income from various sources so that existing services remain fully funded.
- Provide a source of funding for new services and capital expenditure programmes.
- Respond to unexpected high priority additional expenditure pressures.

The trustees considered the following factors in determining an effective reserves policy:

- Evaluating the current and future financial environment, both internal and external, in which VSA is operating.
- Deciding on what is an appropriate measure of available reserves.
- Determining a target level of available reserves.

The financial environment in which VSA is operating

The trustees considered the following factors, with a focus on the 2018/19 financial year:

- The certainty of future flows of budgeted income, including an assessment of whether service delivery contracts were due for renewal or renegotiation, along with an assessment of funding pressures on those statutory bodies which provide most of VSA's statutory income.
- The potential for unbudgeted expenditure being incurred which cannot be offset, timeously, by reprioritising other areas of spend.
- Future spending plans on large revenue and capital projects and how they are to be funded.
- Policy on use of designated funds within unrestricted reserves.
- The strength of the fundraising resource and fundraising strategies.
- Review of the approach to strategic risk management.
- Property asset management planning

What is an appropriate measure of available reserves?

Whilst unrestricted funds per the Balance Sheet as at 31 March 2018 were £35,547,000 (consisting of general unrestricted reserves of £17,922,000, designated funds of £345,000, and a revaluation reserve of £17,280,000), a significant proportion of this sum (£29,840,000) is invested in land and buildings which are delivering day to day services and generating revenue income for the charity.

The Trustees therefore considered the various options and decided that the level of investments plus cash held in the various bank accounts should be determined as available reserves.

What is the target level of available reserves?

Based on an assessment of the financial environment the trustees agreed that the target level of reserves should be equivalent to 6 months trading (operational) income.

As at 31 March 2018 the actual level of available reserves (investments plus bank balances) was £5,926,000. The target level of available reserves, based on 6 months equivalent operational income in 2017/18, was £7,810,400. Whilst the actual level of reserves fell short of this target at 31 March 2018, the trustees note a strong fundraising campaign was planned for 2018/19, as well as additional trust income, plus a capital receipt from the sale of a surplus property were anticipated to be received during 2018/19 financial year.

The trustees will review the financial environment on a bi-annual basis, which will then inform both the definition of available reserves and the target level of reserves.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Principal funding sources

The principal funding source is currently by way of grants from Aberdeen City Council as well as income from board and residential charges. Some services such as Linn Moor School and Richmondhill House receive funding from local authorities throughout Scotland depending on the clients who make use of the service. Funding is also received from The Scottish Government, Aberdeen City Health and Social Care Partnership as well as other individual Trusts. More detail on grants is given in note 4 of the Financial Statements.

Investment powers and policy

Under the Memorandum and Articles of Association, the trustees have the power to make any investment for the benefit of the Charity but not for the avoidance of tax. The trustees, having regard to the Charity's liquidity requirements, have a policy of keeping an appropriate level of funds available in interest bearing bank accounts to meet short-term operational needs. The remaining funds are held in a portfolio managed by the Charity's appointed investment managers, Standard Life Wealth.

The Standard Life Wealth investment portfolio is managed on a discretionary, balanced basis. The fund is invested primarily to generate annual investment income from dividends of approximately £200,000 per annum. The actual dividend income received in 2017/18 was £221,200 (2017: £222,000). The level of risk attached to this portfolio was determined by the trustees as 'medium'. The portfolio investment performance is measured against a composite benchmark index consisting of the following:

FTSE Govt All Stocks Index (15%), Corporate Sterling Bonds Non Gilts Index (15%), FTSE All Share Index (40%), FTSE World ex UK Index (20%), Cash - LIBID 1 month notice Index (10%). The only investment restriction agreed by the trustees is that the fund is not to invest directly in the tobacco sector.

The market value of the combined portfolio as at 31 March 2018 was £5,220,000. (2017 market valuation: £6,319,000).

The main reasons for the decrease in valuation were due to cash withdrawals of £1,150,000 during the financial year, essentially to fund planned expenditure for repairs & maintenance/minor works and health & safety investment, as well as funding the capital investment programme. There was a realised gain on individual investments sold during the year of £349,700 (2017: realised gain of £274,000). However this was offset by an unrealised loss on investments of £368,900 (2017: unrealised gain of £504,000), due to a general fall in stock market valuations over the quarter ended 31 March 2018.

The overall investment performance of the combined portfolio was slightly behind of its benchmark over both the rolling 3 and 5 year periods.

Principal risks and uncertainties

The principal risks and uncertainties that the charity faces have been identified and captured as part of its strategic risk management approach. Strategic risk management within the charity is the process of identifying significant risks and uncertainties, the occurrence of which would inhibit the smooth running, operational effectiveness and reputation of VSA. It involves assessing the likelihood and impact of their occurrence, determining the most effective methods of managing strategic risks or reducing them to an acceptable level. Strategic risk management also acts as a catalyst for improving strategic, operational and financial management, all of which are central to VSA delivering high quality services.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The Board of Trustees is ultimately responsible for the effectiveness of strategic risk management within VSA and ensuring there is a strong risk management culture with appropriate internal control systems and processes in place. The Trustees consider that the following framework provides VSA with adequate measures to reduce the impact of identified strategic risks and uncertainties:

Strategic Risk Register Review – The Audit & Risk Sub Committee reviews the strategic risk register in detail on a regular basis to ensure it reflects the current internal and external environment within which VSA operates, and also takes account of all identified risks as well as control measures and further actions required. Each strategic risk is given a score in terms of its likelihood and impact on the charity if it occurred. The Audit & Risk Sub Committee identifies one or two of the strategic risks at each meeting for a more in-depth independent assessment of the effectiveness of the control and risk mitigation measures, along with any further actions required. After scrutiny by the Audit & Risk Sub Committee the Strategic Risk Register is then presented to the Board for consideration and approval.

The Senior Management Team (SMT) – The SMT reviews on a regular basis the wide range of significant organisational risks and uncertainties, whilst regularly testing whether the internal controls framework is robust and effective. The internal controls framework is underpinned by robust systems, policies and procedures and the internal quality assurance framework to ensure that internal controls remain effective. If SMT considers that any emerging risks or uncertainties are strategically significant they will be escalated and included in the Strategic Risk Register. Reports presented to Trustees for consideration include a section on risk management, so that in agreeing any development, investment or change in service delivery, Trustees understand the level of risk and how it will be managed and monitored.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The principal strategic risks and uncertainties, along with control measures, are set out in the table below:

Principal Risks and Uncertainties	Risk Control Measures
Lack of sustained positive relationships with political leaders, funders and stakeholders potentially leading to reputational damage and loss of funding sources.	<ul style="list-style-type: none">• Regular meetings and liaison with key influencers in partner organisations.• Regular meetings with local political leaders whilst maintaining a politically neutral stance.• Membership of joint boards, strategy groups, national organisations, etc. to ensure VSA's voice is heard and is involved in development of policy and strategy.
Inadequate financial control systems may lead to production of poor quality financial information which leads to poor decision making.	<ul style="list-style-type: none">• Regular review of internal financial control arrangements.• Structured internal audit programme.• Variance analysis procedures clearly identified.• Financial Regulations regularly reviewed.
Lack of awareness of charity law/company law and OSCR regulations.	<ul style="list-style-type: none">• Regular Board training and awareness sessions on charity law and regulatory framework in place.• Board induction and training programmes• Externally facilitated governance training workshops for trustees and staff• Attendance at OSCR briefing sessions.
ICT systems compromised, including malicious use of social media, cyber-attacks, leading to a potential significant data protection breach, service failure, fraudulent activity.	<ul style="list-style-type: none">• Business continuity and disaster recovery plans in place. 'Cyber Essentials' accreditation.• Robust data storage and back up arrangements in place.• Data protection policies and procedures in place. ICT acceptable use policy• Revised Social Media policy implemented.
Health & safety at work breach relating to staff member, contractor, environmental (farm) or customer/service user.	<ul style="list-style-type: none">• Robust health & safety policies and procedures in place supported by workplace training.• Health & Safety risk assessment reviews.• Robust accident investigation arrangements
Breach of duty of care in keeping vulnerable beneficiaries, volunteers etc in a safe environment	<ul style="list-style-type: none">• Safeguarding policies & procedures reviewed.• Robust PVG checks, as appropriate, in place for staff & volunteers.• Promotion of whistle blowing policy to all staff.
Significant breach of General Data Protection Regulation (GDPR) requirements	<ul style="list-style-type: none">• Creation of data protection team to ensure organizational compliance and effective management of data subject rights• Implementation of data privacy impact assessment procedures
Properties not fit for purpose or occupancy resulting in service disruption and unplanned expenditure	<ul style="list-style-type: none">• Property Asset Management Plans linked to revenue and capital budgeting• Corporate priority assessment of property related expenditure

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Plans for future periods

VSA has identified a clear vision: to use our resources effectively to ensure the people who need and use our services can live the best of lives. Three core objectives have been identified to achieve this:

- Delivering the best of care to ensure service users have the "best of lives".
- Sustaining financial viability.
- Protecting and promoting the VSA brand, services and reputation.

Looking forward to 2030 presents VSA with an opportunity to clarify our vision for the future and to raise awareness of the work we do and the services we deliver. In preparing for VSA's 150th anniversary in 2020, as well as the longer term 2030 vision, there are a number of projects which need to be co-ordinated in order to secure VSA's position. This will be communicated both internally and externally. Eight workstreams have been identified for 2018/19 which underpin the above three core objectives.

The workstreams are as follows:

1. Bridge to the future

As VSA reflects on approaching 150 years of service in the community, what are the principles and values which are core to the work that we do and the way in which it is done. Work is underway in drawing on the outcomes from the various 2017/18 work programmes and a consultation process is planned. This is an overarching workstream and focus groups involving various stakeholders are being rolled out to achieve buy in and gain feedback.

2. Governance

A review of the Memorandum and Articles of Association has already commenced and further meetings are arranged. A programme of workshops, visits and other engagement opportunities has already commenced. A review of structures, skills and training needs to support the governance of the charity will be identified and implemented.

3. Quality and compliance

The purpose is to update and co-ordinate the "infrastructure" in terms of the physical environment, staff skills and health & safety standards in line with the new Care Inspectorate methodology. Joint trustee and management workshops are planned.

4. Business development

Around 95% of VSA's income is derived from contracts delivered to statutory organisations. Therefore the updating of service marketing materials has been identified as a priority to ensure services can be memorably pitched to commissioning authorities and other funders.

5. Fundraising and the 150th anniversary in 2020

In addition to statutory funding, VSA is able to continuously deliver high quality standards of service because we make strenuous efforts to attract voluntary income, whether it is by way of donations, grants, legacies, fundraising events. The very challenging financial climate means that it is important to diversify our funding streams. The groundwork has been laid down by the recent strengthening of the fundraising team and a medium term fundraising strategy is in place to support plans to maximise voluntary income.

6. Property review

This involves not only a review of the physical condition, safety and security of the properties we own or occupy to deliver services, but also an assessment as to whether existing buildings and facilities are in the correct location and are fit for purpose to meet the core objectives. An updated Property Asset Management Plan, linked to the budgeting process will be produced.

7. Workforce development

Our people are key in the delivery of the core objectives. A workforce development strategy will be prepared which will consider how VSA develops the next generation of employees to meet increasing demographic needs for care and support services, as well as equipping them with the necessary skills to ensure sustainability and high quality of service provision.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

TRUSTEES' REPORT (CONTINUED)(INCLUDING STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

8. Business systems

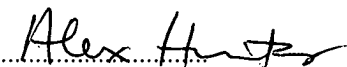
This workstream will review all VSA's existing computer based systems, identifying efficiency, functionality, integration with other systems and anticipated "shelf-life". The outcomes will be a set of systems development options to ensure VSA's ICT infrastructure remains fit for purpose, as well as driving out service efficiencies. The organization recently recruited a Business Systems Manager to drive this work forward.

The Chief Executive will be overall Programme Director for the workstreams. Each workstream will have a lead officer who is responsible for delivering on the agreed objectives for each to agreed timescales, as well as co-ordinating and collaborating with other workstream lead officers to ensure integrated outcomes are identified wherever possible.

Auditor

The auditors, RSM UK Audit LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting of the charity.

The Trustees' report was approved by the Board of Trustees.



A Hunter (Chair of Trustees)

Trustee

Dated: 13 SEPTEMBER 2018

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2018

The Trustees, who are also the directors of Aberdeen Association of Social Service (Operating as VSA) for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year which 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 charitable company for that year.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that 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, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

Opinion on financial statements

We have audited the financial statements of Aberdeen Association of Social Service (Operating as VSA) (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and 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 FRS 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 charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to 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 charitable company'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.

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, except to the extent otherwise explicitly stated in our report, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA) (CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities on page 17, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

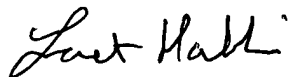
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA) (CONTINUED)

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of 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 auditors' 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Janet Hamblin CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG
17 September 2018

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000	Total 2017 £'000
<u>Income from:</u>						
Donations and legacies	3	464	50	-	514	1,761
Charitable activities	4	12,868	1,937	-	14,805	14,619
Other trading activities	5	167	-	-	167	177
Investments	6	222	-	-	222	224
Total income		13,721	1,987	-	15,708	16,781
<u>Expenditure on:</u>						
Raising funds	7	350	-	-	350	310
Charitable activities	8	14,919	2,012	-	16,931	16,099
Total resources expended		15,269	2,012	-	17,281	16,409
Net (losses)/gains on investments	12	(19)	-	-	(19)	778
Net (outgoing)/incoming resources before transfers		(1,567)	(25)	-	(1,592)	1,150
Gross transfers between funds		48	-	(48)	-	-
Net (outgoing)/incoming resources		(1,519)	(25)	(48)	(1,592)	1,150
Other recognised gains and losses						
Revaluation of tangible fixed assets	21	-	-	-	-	16,775
Net movement in funds		(1,519)	(25)	(48)	(1,592)	17,925
Total funds brought forward		37,066	351	48	37,465	19,540
Total funds carried forward		35,547	326	-	35,873	37,465

The statement of financial activities includes all gains and losses recognised in the year.

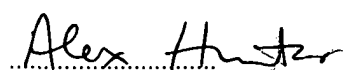
All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)**BALANCE SHEET****AS AT 31 MARCH 2018**

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	13		22		34
Tangible assets	14		30,146		30,348
Investments	15		5,220		6,319
			<u>35,388</u>		<u>36,701</u>
Current assets					
Stocks	16	16		15	
Debtors	17	1,232		1,497	
Cash at bank and in hand		706		951	
		<u>1,954</u>		<u>2,463</u>	
Creditors: amounts falling due within one year	18	(1,469)		(1,699)	
Net current assets			485		764
Total assets less current liabilities			<u>35,873</u>		<u>37,465</u>
Capital funds					
Endowment income funds	22		-		48
Income funds					
Restricted funds	23		326		351
<u>Unrestricted funds</u>					
Designated funds	25	345		342	
Revaluation reserve		17,280		18,049	
General unrestricted funds		17,922		18,675	
			<u>35,547</u>		<u>37,066</u>
			<u>35,873</u>		<u>37,465</u>

The financial statements were approved by the Trustees and authorised for issue on 13 SEPTEMBER 2018



A Hunter (Chair of Trustees)
Trustee



A Gall (Treasurer)
Trustee

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash absorbed by operations	27	(834)	(565)
Investing activities			
Purchase of intangible assets		-	(36)
Purchase of tangible fixed assets		(713)	(576)
Proceeds on disposal of tangible fixed assets		-	27
Purchase of investments		(559)	(1,669)
Proceeds on disposal of investments		1,639	2,375
Interest and dividends received		222	224
Net cash generated from investing activities		589	345
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		(245)	(220)
Cash and cash equivalents at beginning of year		951	1,171
Cash and cash equivalents at end of year		706	951

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Charity information

Aberdeen Association of Social Service (Operating as VSA) is a private charitable company limited by guarantee incorporated in Scotland (SC018487). The registered office is 38 Castle Street, Aberdeen, AB11 5YU.

Accounting convention

The financial statements have been prepared in accordance with the charity's memorandum and articles of association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £'000.

Going concern

The Senior Management Team and Board believe that preparing the financial statements on the going concern basis is appropriate due to the level of investments held at their disposal and their review of future funding requirements and cash flow projections for at least the next 12 months.

Charitable funds

Unrestricted funds represent funds which are not committed and which can be used in accordance with VSA's charitable objects at the trustees' discretion. Trustees also have the discretion to set aside part of the unrestricted funds for a particular purpose or commitment. By earmarking such funds in this way trustees are creating a designated fund that remains within unrestricted funds.

Restricted funds represent funds earmarked either by the donor or by the terms of an appeal or legacy where to be expended on particular projects or service area e.g. Older Peoples Service or acquisition of fixed assets. Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with its restrictions.

Endowment funds represent funds earmarked by the donor to be held as capital, with the trustees having no power to convert the capital to income. The incoming interest on endowment funds based on the current bank interest rates is treated as restricted income. An application made to OSCR in the 2016/17 financial year, under their 'Proposed Restricted Funds Reorganisation Scheme' to reclassify the sum of £48,000 held in endowment funds to unrestricted funds so that they can be put to more effective use, was approved on 10 May 2017. This reclassification is reflected in the 2017/18 financial statements.

Incoming resources

Income is recognised in the monthly period in which the company is entitled to receipt and the amount can be measured with reasonable certainty. Income is allocated directly to the relevant category on receipt. Income is deferred only when the charity has to fulfill conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Donations and legacies are included when money is receivable and their receipt is probable and the amount receivable can be quantified.

Grants are recognised in the financial statements in the year in which they are receivable.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Investment income is fully apportioned to unrestricted income.

All capital receipts are credited in full to incoming resources in the statement of financial activities (SOFA) in the year of receipt.

All resources are recorded gross.

Resources expended

Resources expended are included in the SOFA on an accruals basis, inclusive of any VAT which cannot be recovered. This is recognised when there is a legal or constructive obligation to pay for expenditure. All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly and others are apportioned.

Costs of generating funds comprise those costs directly attributable to organising fundraising events, administering donations and legacies received, and in managing the charity shop and are allocated directly.

Charitable expenditure comprises those costs incurred by the charity in delivering activities and services for its service users. It includes both costs that can be allocated directly to such activities and indirect costs necessary to support them. These support costs are apportioned in ratio to the total overall support costs element.

No grants to individuals or families are made from VSA funds.

Governance costs include costs associated with meeting constitutional and statutory obligations of the charity and include audit and legal fees and costs linked to the strategic management of the charity and are allocated directly as part of support costs.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets represent ICT assets which are not physical in nature, such as software licences and developments costs. Individual and enhanced intangible assets expenditure costing £10,000 or more, are capitalised in the balance sheet at cost.

Amortisation is provided in the year in which the intangible assets are brought into use and is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years
----------	---------

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation on the basis of fair value as defined within FRS 102, net of depreciation and any impairment losses.

Individual tangible assets and subsequent enhanced tangible asset expenditure costing £15,000 or more are capitalised in the balance sheet at cost. Land and assets under construction are not depreciated.

Depreciation is provided in the year in which the tangible assets are brought into use and is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	10-50 years
Fixtures and fittings	5-10 years
Computers	5 years
Motor vehicles	5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Stocks

A valuation of farm stocks was carried out at the financial year end. Stocks are stated in accordance with this valuation, which is at the lower of cost or net realisable value.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

The charity contributes to three pension schemes, The Pensions Trust, Scottish Teachers Superannuation Scheme and National Employment Savings Trust (NEST).

Within the Pensions Trust there is an Ethical Plan and a Flexible Retirement Plan which are both defined contribution schemes. Prior to January 2009 the charity contributed to Growth Plan Series 3 within the Pensions Trust, which was set up as a defined contribution scheme but the Pension Regulator re-assessed the Growth Plan Series 3 scheme as a defined benefit scheme. At 1st October 2013 the charity moved all members of the Growth Plan Series 4 to the Flexible Retirement Plan. The charity intends to continue to operate the Flexible Retirement Plan for all existing members and selected future employees.

Scottish Teachers Superannuation Scheme is a defined benefit scheme, but as VSA's share of the underlying assets and liabilities cannot be identified the contributions to the scheme, as advised by the Scottish Office Pension Agency, are accounted for as if it were a defined contribution scheme and are charged to the income and expenditure account so as to spread the cost of pensions over the period during which the company benefits from the employees' services.

National Employment Savings Trust is a defined contribution scheme which the company will operate for all other employees. The pension costs charged to the income and expenditure account are the contributions payable in the year.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to expenditure on a straight line basis over the term of the relevant lease.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2 Critical accounting estimates and judgements

Preparation of the financial statements requires senior management to make some critical judgements and estimates. These judgements and estimates are continually evaluated and are based on historical experiences, advice from qualified professionals and other factors that are believed to be reasonable in the circumstances. The areas where senior management has made critical assumptions and estimates are:

- the going concern concept
- allocation of management costs
- cash flow projections
- depreciation policies
- reserves policies

3 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Donations and gifts	157	45	202	162
Legacies receivable	174	3	177	1,294
Trust funds	133	2	135	305
	<hr/>	<hr/>	<hr/>	<hr/>
For the year ended 31 March 2018	464	50	514	1,761
	<hr/>	<hr/>	<hr/>	<hr/>
For the year ended 31 March 2017	1,232	529		1,761
	<hr/>	<hr/>		<hr/>

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2018**

4 Charitable activities

	Children & Family Services £'000	Adult & Older People Services £'000	Carers Services £'000	Training Income £'000	Other Income £'000	Total 2018 £'000	Total 2017 £'000
Board charges and free personal care	5,015	5,533	-	-	-	10,548	10,723
Revenue grants	458	1,133	379	-	8	1,978	2,103
Support	-	1,564	-	-	-	1,564	1,477
Training income	-	-	-	142	-	142	141
Other income	85	275	5	141	67	573	175
	<u>5,558</u>	<u>8,505</u>	<u>384</u>	<u>283</u>	<u>75</u>	<u>14,805</u>	<u>14,619</u>
Analysis by fund							
Unrestricted funds	5,110	7,388	20	283	67	12,868	
Restricted funds	448	1,117	364	-	8	1,937	
	<u>5,558</u>	<u>8,505</u>	<u>384</u>	<u>283</u>	<u>75</u>	<u>14,805</u>	
For the year ended 31 March 2017							
Unrestricted funds	5,220	5,503	-	141	1,652		12,516
Restricted funds	666	1,033	396	-	8		2,103
	<u>5,886</u>	<u>6,536</u>	<u>396</u>	<u>141</u>	<u>1,660</u>		<u>14,619</u>

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

5 Other trading activities

	2018 £'000	2017 £'000
Fundraising events	140	147
Fundraising bookshop	27	30
	<hr/>	<hr/>
Other trading activities	167	177
	<hr/>	<hr/>

6 Investments

	2018 £'000	2017 £'000
Income from listed investments	221	222
Interest receivable	1	2
	<hr/>	<hr/>
	222	224
	<hr/>	<hr/>

7 Raising funds

	2018 £'000	2017 £'000
<u>Fundraising and publicity</u>		
Other fundraising costs	293	251
<u>Trading costs</u>		
Operating charity shops	22	12
<u>Investment management</u>	35	47
	<hr/>	<hr/>
	350	310
	<hr/>	<hr/>

Expenditure on raising funds in the year amounted to £350,000 (2017: £310,000), of which £350,000 (2017: £309,000) related to unrestricted funds and £nil (2017: £1,000) related to restricted funds.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2018**

8 Charitable activities

	Children & Family Services	Adult & Older People Services	Careers Services	Training	Other Resources Expended	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	4,015	5,004	226	249	-	9,494	9,438
Property costs	619	1,797	32	-	276	2,724	2,958
Supplies & services	187	458	21	-	53	719	651
	4,821	7,259	279	249	329	12,937	13,047
Share of support costs (see note 9)	1,079	1,976	79	15	534	3,683	2,794
Share of governance costs (see note 9)	-	-	-	-	311	311	258
	5,900	9,235	358	264	1,174	16,931	16,099
Analysis by fund							
Unrestricted funds	5,427	8,062	-	264	1,166	14,919	
Restricted funds	473	1,173	358	-	8	2,012	
	5,900	9,235	358	264	1,174	16,931	
For the year ended 31 March 2017							
Unrestricted funds	5,048	7,292	27	278	1,047		13,692
Restricted funds	815	1,311	247	9	25		2,407
	5,863	8,603	274	287	1,072		16,099

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9 Support costs

	Support costs £'000	Governance costs £'000	2018 £'000	2017 £'000
Staff costs	-	249	249	216
Management	1,160	-	1,160	958
Finance & ICT	691	-	691	570
HR	387	-	387	319
General	352	-	352	296
Property	166	-	166	137
Depreciation / Amortisation	927	-	927	514
Audit fees	-	25	25	23
Internal audit fees	-	6	6	5
Consultancy	-	31	31	14
	<u>3,683</u>	<u>311</u>	<u>3,994</u>	<u>3,052</u>
Analysed between				
Charitable activities	<u>3,683</u>	<u>311</u>	<u>3,994</u>	<u>3,052</u>

Support costs are directly attributed costs which have been charged to the operating cost centres, including governance.

The principal central administration and staffing costs including HR, Finance, H&S, Property, ICT, Key Management Personnel and Quality Assurance are calculated in full. This total cost is then recharged out to all performing locations as follows:-

- Principal Property Costs – recharge use of Principal Office and other owned buildings by estimated area and/or rateable value.
- Insurance – estimated by area/rateable value and by specific area of use
- Grounds & Property Maintenance – allocated by area by specific locations of use.
- Management Recharges – estimated as:-
 - 12.5% recharge on total costs to the City Mental Health St Aubin's Group
 - 10% recharge on all other locations on their respective total costs
 - Balance of recharge is absorbed through prime locations which have high levels of administration, such as Linn Moor, to the full extent of recovering the 100% of the principle costs and is at senior management discretion. This balancing recharge fluctuates on a year by year basis.

Governance costs includes payments to the auditors and their associates of £21,000 (2017: £16,000) for audit fees and £4,000 (2017: £nil) for other financial services.

10 Trustees

None of the Trustees (or any persons connected with them) were reimbursed any expenses or received any remuneration or benefits from the charity during the year.

The sum of £2,420 (2017: £2,409) was incurred during the year for the purchase of insurance to indemnify the directors against the consequences of any neglect or defaults.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

11 Employees

Number of employees

The average monthly number employees during the year was 524 (2017: 483).

Employees by full time equivalent:

	2018 Number	2017 Number
Children & family services	152	141
Adult & older people	199	175
Carers services	7	8
Training	4	7
Other	41	35
	<u>403</u>	<u>366</u>

Employment costs

	2018 £'000	2017 £'000
Wages and salaries	10,251	9,374
Social security costs	782	653
Other pension costs	235	224
	<u>11,268</u>	<u>10,251</u>

The number of employees whose annual remuneration (including employer's national insurance contributions) was £60,000 or more were:

	2018 Number	2017 Number
£60,001 - £70,000	6	6
£70,001 - £80,000	3	-
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	-
	<u>12</u>	<u>9</u>

Nine of the employees (2017: six) are members of The Pension Trust and contributions amounting to £60,053 (2017: £48,389) were made to their pension scheme during the year. Two of the employees (2017: three) are members of NEST and contributions amounting to £1,206 (2017: £2,204) were made to their pension scheme during the year.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

12 Net gains/(losses) on investments

	2018	2017
	£'000	£'000
Revaluation of investments	(369)	504
Gain/(loss) on sale of investments	350	274
	<u> </u>	<u> </u>
Net (loss)/gain on investment	(19)	778
	<u> </u>	<u> </u>

13 Intangible fixed assets

	Software
	£'000
Cost	
At 1 April 2017 and 31 March 2018	283
	<u> </u>
Amortisation and impairment	
At 1 April 2017	249
Amortisation charged for the year	12
	<u> </u>
At 31 March 2018	261
	<u> </u>
Carrying amount	
At 31 March 2018	22
	<u> </u>
At 31 March 2017	34
	<u> </u>

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2018**

14 Tangible fixed assets							
		Freehold land and buildings £'000	Assets under construction £'000	Fixtures and fittings £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost or valuation	At 1 April 2017	30,892	-	1,355	200	322	32,769
	Additions	278	220	120	95	-	713
	At 31 March 2018	31,170	220	1,475	295	322	33,482
Depreciation and impairment	At 1 April 2017	869	-	1,231	93	228	2,421
	Depreciation charged in the year	771	-	68	45	31	915
	At 31 March 2018	1,640	-	1,299	138	259	3,336
Carrying amount	At 31 March 2018	29,530	220	176	157	63	30,146
	At 31 March 2017	30,023	-	124	107	94	30,348

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

14 Tangible fixed assets (Continued)

The freehold heritable properties were independently valued as at 31 March 2017. The properties have been valued using either the Depreciated Replacement Cost (DRC) or Fair Value methodology. The trustees do not believe there has been any significant change in this valuation during the year.

At 31 March 2018, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £12,993,000 (£13,248,000).

At the year end the charity had committed to a further £2,751,328 of capital expenditure - £2,745,798 in respect of land and buildings and £5,530 in respect of plant and equipment. See note 30.

15 Fixed asset investments

	Listed investments £'000	Cash in portfolio £'000	Total £'000
Cost or valuation			
At 31 March 2017	5,714	605	6,319
Additions	559	-	559
Valuation changes	(369)	-	(369)
Net movement in cash held awaiting investment	-	(199)	(199)
Disposals	(1,090)	-	(1,090)
At 31 March 2018	<u>4,814</u>	<u>406</u>	<u>5,220</u>
Carrying amount			
At 31 March 2018	<u>4,814</u>	<u>406</u>	<u>5,220</u>
At 31 March 2017	<u>5,714</u>	<u>605</u>	<u>6,319</u>

16 Stocks	2018 £'000	2017 £'000
Finished goods and goods for resale	<u>16</u>	<u>15</u>

17 Debtors	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	835	1,169
Prepayments and accrued income	397	328
	<u>1,232</u>	<u>1,497</u>

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

18 Creditors: amounts falling due within one year

	Notes	2018 £'000	2017 £'000
Trade creditors		363	708
Other taxation and social security		199	215
Deferred income	20	239	308
Accruals		668	468
		<u>1,469</u>	<u>1,699</u>

19 Financial instruments

	2018 £'000	2017 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	835	1,169
Equity instruments measured at fair value through income and expenditure	5,220	6,319
	<u></u>	<u></u>
Carrying amount of financial liabilities		
Measured at amortised cost	1,031	1,176
	<u></u>	<u></u>

20 Deferred income

	2018 £'000	2017 £'000
Other deferred income	239	308
	<u></u>	<u></u>

Deferred income is included in the financial statements as follows:

	2018 £'000	2017 £'000
Current liabilities	239	308
	<u></u>	<u></u>

During the year £295,586 of the £308,415 deferred income brought forward from the prior year was released to the Statement of Financial Activities. The remaining £12,829 is included in deferred income at the year end in addition to £226,537 of income received in the year which has also been deferred.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

21 Heritable property

The company owned, at 31 March 2018, the following subjects in Aberdeen, unless otherwise stated:

Name/Description	Location	Main Use
Head Office	Castle Street	Main Registered Office & Book Shop
Cloverfield Grove	Bucksburn	Housing with Care for Older People
Broomhill Park	Broomhill Road	Housing with Care for Older People
Ruthrieston House	Broomhill Road	Residential Care for Older People
Crosby House	May Baird Avenue	Residential Care for Older People
Forestgait (t/a Forest Grove)	Kings Gate	Vacant
Forestgait Lodge/Richmondhill Court	Richmondhill Place	Sheltered Housing & Residential Flats 1-20
Loanhead	Loanhead Terrace	Special Purpose Housing - Flats 1-5, 56
Woodside Activity Centre	Clifton Road	Activity Centre
Broomhill Activity Centre	Broomhill Road	Activity Centre
Richmondhill House	Richmondhill Place	Mother & Baby Unit and Contact Centre
Maisie Munro's	Richmondhill Place	Children's Day Care Centre
Linn Moor School	Peterculter	Residential School
Rowanlea House	Peterculter	Transition to Adult Supported Housing
Rowanlea Cottage (Lyal)	Peterculter	Transition to Adult Supported Housing
Apache Cottage	Peterculter	Residential for Linn Moor School
Millbank House	Hardgate	Supported Accommodation for Adults
Arrdeir House	Mannofield	Supported Accommodation for Adults
St Aubins	South Anderson Drive	Supported Accommodation for Adults
Northfield Lodge	Provost Fraser Drive	Supported Accommodation for Adults
Land	Holburn Street	Vacant plot/Development site
Easter Anguston:		
- Farm Land & Buildings	Peterculter	Supported Adult Training & Visitor Centre Cafe
- Crichton House	Peterculter	Cafe
4 Crown Crescent	Peterculter	Adult Housing with Support
40 Crown Crescent	Peterculter	Adult Housing with Support
1-4 Craigtown Grove	Peterculter	Adult Housing with Support

The freehold heritable properties and land were independently valued as at 31 March 2017 by Graham & Sibbald, Chartered Surveyors, in accordance with RICS appraisal and valuation methodology.

Preliminary costs have been incurred on a new capital project at Abergeldie Road/Holburn Street Aberdeen for the construction of a building to provide residential long term support for adults and older people.

No properties were disposed of during the financial year, although missives were concluded for the sale of Forestgait, Kings Gate on 28 June 2018. The final sale price is dependent on the purchaser obtaining planning approvals.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

22 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Movement in funds				
	Balance at 1 April 2017 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Balance at 31 March 2018 £'000
Permanent endowments					
James Mackie bequest	3	-	-	(3)	-
Coutts trust fund	1	-	-	(1)	-
Thomson trust fund	1	-	-	(1)	-
Burton memorial fund	2	-	-	(2)	-
Oldfield trust fund	5	-	-	(5)	-
Aberdeen united coal fund	20	-	-	(20)	-
Ritchie trust fund	16	-	-	(16)	-
	<u>48</u>	<u>-</u>	<u>-</u>	<u>(48)</u>	<u>-</u>

Following on from a comprehensive review of all Restricted Funds and their definition in the 2016/17 financial year an application was also submitted to OSCR under their "Re-organisation of Small Funds Scheme" to treat the seven remaining Restricted Endowment Funds totalling £48,000 as Unrestricted Funds. This application was approved by OSCR on 10 May 2017 and the funds transfer is reflected in the 2017/18 financial statements.

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

23 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			
	Balance at 1 April 2017 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000
				Balance at 31 March 2018 £'000
Residents Amenities Fund	54	11	(16)	2
Grant Funding	231	1,937	(1,962)	-
Restricted Trust Funds	32	-	(11)	(4)
Aberdeen District Nurses Benevolent Fund	18	-	(2)	-
Crisis Fund	-	23	(1)	2
Fuel Fund	16	16	(20)	-
	<u>351</u>	<u>1,987</u>	<u>(2,012)</u>	<u>-</u>
				<u>326</u>

Fund Descriptions:

Residents Amenities Fund - to fund outings, entertainment and small gifts for residents

Grant Funding - to cover costs of meeting contract specifications on running and providing services

Restricted Trust Funds - to fund a specific service at a specified location as nominated by the donor

Aberdeen District Nurses Benevolent Fund - to provide financial and material aid to retired registered nurses

Crisis Fund - for assisting those in urgent financial need due to unforeseen circumstances outwith their control

Fuel Fund - to assist with winter heating bills and heating efficiency systems

24 Revaluation reserve

Movement in the revaluation reserve, which is included in unrestricted funds, during the year was as follows:

	Movement in funds		
	Balance at 1 April 2017 £'000	Incoming resources £'000	Resources expended £'000
			Balance at 31 March 2018 £'000
Revaluation reserve	18,049	-	(769)
	<u>18,049</u>	<u>-</u>	<u>(769)</u>
			<u>17,280</u>

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

25 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2017 £'000	Movement in funds		Balance at 31 March 2018 £'000
		Incoming resources £'000	Resources expended £'000	
Minor works property fund	342	104	(421)	25
Health & safety property fund	-	500	(330)	170
Compliance fund	-	150	-	150
	<u>342</u>	<u>754</u>	<u>(751)</u>	<u>345</u>

26 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2018 are represented by:			
Intangible fixed assets	22	-	22
Tangible assets	30,146	-	30,146
Investments	5,220	-	5,220
Current assets/(liabilities)	159	326	485
	<u>35,547</u>	<u>326</u>	<u>35,873</u>

27 Cash generated from operations

	2018 £'000	2017 £'000
Net (outgoing)/incoming resources	(1,592)	1,150
Adjustments for:		
Investment income recognised in statement of financial activities	(222)	(1,449)
Loss on disposal of tangible fixed assets	-	385
Gain on disposal of investments	(350)	(274)
Fair value (gains) and losses on investments	369	(504)
Amortisation and impairment of intangible assets	12	13
Depreciation and impairment of tangible fixed assets	915	501
Movements in working capital:		
(Increase) in stocks	(1)	(2)
Decrease/(increase) in debtors	265	(258)
(Decrease)/increase in creditors	(161)	7
(Decrease) in deferred income	(69)	(134)
Cash absorbed by operations	<u>(834)</u>	<u>(565)</u>

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

28 Pension costs

During the year, the charity contributed to three pension schemes for certain employees. The details of these schemes are shown below:

a) The Pensions Trust

The charity participates in the Pensions Trust's Flexible retirement Plan and Ethical Plan. Both plans are non-contracted out defined contribution schemes which are not affected by the debt on withdrawal legislation. The charity offers membership of the Flexible Retirement Plan or membership of the Ethical Plan to all managerial staff.

There were 59 active members of the Flexible Retirement Plan at 31 March 2018 (2017: 62). There were 11 active members of the Ethical Plan at 31 March 2018 (2017: 12).

The charity paid contributions at a rate of 7.25% during the accounting year. Members paid contributions at the rate of 4% during the accounting year.

A charge of £158,292 (2017: £156,449) has been made in the year. Contributions totalling £13,213 (2017: £13,401) were payable to the pension fund at 31 March 2018 and are included in creditors.

b) Scottish Teachers Superannuation Scheme

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the treatment can be as a defined contribution scheme as the charity is unable to identify its share of the underlying assets and liabilities of the scheme. As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates are set by the scheme actuary at a level to meet the cost of the pensions as they accrue.

A revised Scottish Teachers' Pension Scheme (STPS) was introduced from 1st April 2015, which meets the requirements of the UK Government's reform program. For the purposes of the reform process, HM Treasury set a benchmark scheme for the STPS which was based upon the new 2015 Teachers' Pension Scheme for England and Wales. Therefore, by definition, the new Scottish Teachers' Pension Scheme design meets the cost envelope set by HM Treasury without requiring any further detailed actuarial analysis.

There were 3 active members of the scheme as at 31 March 2018 (2017: 3). Contributions rates were payable by the charity at 17.2% (2017: 17.2%) of pensionable salaries. Members also contributed on salary based sliding scale percentage as follows:

Actual Pensionable Salary	Your Contributions for 2017/18 (% of pensionable Salary)
Up to and including £26,259	7.2%
£26,260 to £35,349	8.7%
£35,350 to £41,914	9.7%
£41,915 to £55,549	10.4%
£55,550 to £75,749	11.5%
£75,750 and above	11.9%

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

28 Pension costs (Continued)

The total STSS pension costs for the charity was £20,801 (2017: £19,336) and these contributions were made to their pension scheme during the year.

Contributions totalling £2,202 (2017: £1,468) were payable to the pension fund at 31 March 2018 and are included in creditors.

No employee falls within the banding up to £26,259	(2017: one employee)
No employee falls within the banding to £35,349	(2017: one employee)
Three employees fall within the banding to £41,914	(2017: none)
No employee falls within the banding to £55,549	(2017: one employee)
No employee falls within the banding to £75,749	(2017: none)
No employee falls within the banding over £75,750	(2017: none)

c) National Employment Savings Trust

The charity joined the National Employment Savings Trust (NEST) on 1 November 2013. This pension scheme was chosen to comply with automatic enrolment legislation.

NEST is run by NEST Corporation, a trustee body who set the strategic direction and objectives for NEST. NEST Corporation is a non-departmental public body that operates at arm's length from the government and is accountable to Parliament through the Department for Work and Pensions.

All staff below managerial level are automatically enrolled into this scheme. There were 322 active members of NEST at 31 March 2018 (2017: 298).

The charity and members paid contributions at the rate of 1.0% during the accounting year.

A charge of £53,454 (2017: £48,642) has been made in the year. Contributions totalling £4,801 (2017: £4,247) were payable to the pension fund at 31 March 2018 and are included in creditors.

29 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £'000	2017 £'000
Within one year	37	49
Between one and five years	12	24
	<u>49</u>	<u>73</u>

The lease expenditure charged to income and expenditure in the year was £72,000 (2017: £68,000).

ABERDEEN ASSOCIATION OF SOCIAL SERVICE (OPERATING AS VSA)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

30 Capital commitments	2018	2017
	£'000	£'000

At 31 March 2018 the charity had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of tangible non-current assets	2,751	-
	<u> </u>	<u> </u>

31 Events after the reporting date

Missives were concluded for the sale of Forestgait, Kings Gate on 28 June 2018 (note 14).

32 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2018	2017
	£'000	£'000
Aggregate compensation	589	541
	<u> </u>	<u> </u>

The key management personnel of the charity are defined as the Chief Executive & Company Secretary and the Senior Management Team as detailed in the Trustees Report.

C Campbell, who was a trustee of the charity from 1 April 2017 to 15 May 2017, is also the Managing Director of Langstane Press Limited. During the year the charity purchased printing & stationery supplies amounting to £1,791 (2017: £3,375) from Langstane Press Limited.

33 Members' liability

Members' liability is limited by guarantee not in excess of £1 per member.