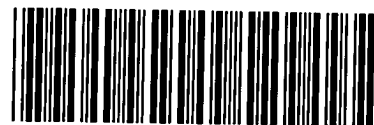


Trustees' Report and Accounts 2017

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Capability Scotland
Trustees' Report and Accounts 2017

CAPABILITY SCOTLAND

Company number SC036524
Scottish Charity SC011330

Capability Scotland

Trustees' Report and Accounts for the year ended 31 March 2017

Objectives and Activities

Our vision is that - *Capability Scotland is here for disabled people and strives to be a major ally in supporting disabled people to have full equality of opportunity and participation as citizens.*

Our aim is to deliver specialist high quality services that meet the needs of every individual customer and to support them through the transitions in life to realise their aspirations and be supported to achieve their full potential.

To achieve our aims and objectives we continue to provide a wide and varied range of direct services. We provide education, care and support to disabled children, young people and adults with the most complex needs through the provision of day and residential schools, residential care, housing support services, care in people's own homes and a range of creative and exciting day opportunities in the community and in buildings. We also enable disabled people to secure and sustain employment as a delivery partner in a number of local and national employment programme contracts.

Our specialist knowledge and broad range of flexible services allow us to promote independence and quality of life for disabled people throughout their lives. We also campaign with disabled people on common areas of concern.

To enable us to continue to achieve these objectives and activities, and add value to the services we deliver, we operate a small chain of charity shops and undertake voluntary fundraising activities.

Strategic Report

In 2016/17, despite the increasingly challenging external environment in which we are operating, we continued to implement our ambitious 2012 - 2017 Strategic Plan which has three key directions:

- Appropriate and economically viable services
- Growth through focus on intensity and complexity
- Exert effective influence around core activity

The Trustees are pleased to report that the implementation of our 2012 - 2017 Strategic Plan is contributing to the current success of the organisation as well as being critical in securing its long term viability. The five strategic objectives we are working to are:

- Develop our capacity to respond to self-directed support
- Modernise and develop our services
- Develop a sustainable education service
- Invest in our future
- Position ourselves to maximise impact

The Trustees receive information and feedback throughout the year to measure success in meeting the charity's aims and objectives. These include detailed reports and risk assessments, service quality indicators, customer feedback, external feedback including Care Inspectorate reports and financial monitoring reports. During 2016/17, we also developed and implemented a new Service Risk Profile Tool which tracks a range of risk indicators for each service. This tool is updated quarterly with oversight and scrutiny provided by the Service Quality Committee, a sub-committee of the Main Board.

The Trustees receive feedback directly from those we support through our Customer Advisory Group. Its work with the Main Board, putting forward and responding to issues that affect the wider customer group, provides the Trustees with invaluable insight into the impact our services have on the people we support. The Have Your Say Group, a representative body of those who use our services, provides a mechanism to ensure that the Trustees and senior management hear the voice of our customers and that we hear this first hand. The role and function of both the Customer Advisory Group and the Have Your Say Group were reviewed and refreshed in 2016/17.

The Trustees acknowledge the amount and speed of change that the organisation is going through, driven by the need to modernise and develop our services in a very challenging financial environment. Resources, over and above those generated from our normal activities, have been strategically invested to ensure that our plans are implemented in an effective manner. The Trustees expect that our ambitious change programme will continue through to the end of our 2017/18 strategic planning period and beyond.

The Trustees recognise the contribution made by our dedicated volunteers. We acknowledge the tremendous amount of time and expertise that volunteers make to raising funds through their participation in events and other activities and to all those who work in our shops and services.

Achievements and Performance

We continue to provide a wide and varied range of direct services. The number of children, young people and adults supported through our services and projects was broadly in line with the previous year. We support a core group of children, young people and adults through our direct service provision and this can vary from a few hours of support each week from a community enablement service through to being resident at one of our residential care homes or 'living-in' at Stanmore House School. However, no two people's support packages are the same, even in the same service, and this is increasingly the case as we respond flexibly to people's self-directed support expectations and requirements.

Our new models of care have been designed to ensure that they are able to provide flexible and responsive education, care and support based on individual needs and aspirations. Additional complexity is added as each Local Authority/Health and Social Care Partnership has interpreted self-directed support slightly differently and we are now operating with a multiplicity of funding arrangements across the country, and sometimes even in the same area. Included in note 2 to the accounts is a breakdown of the income received for the services we provide.

In Dundee, our new Community Hub has enabled us to develop an exciting range of support services for children, families and adults from across the city. The Hub provides a suite of fully accessible sensory and activity rooms which means that the people we support can use it as a base to develop the confidence and skills they need to explore and engage with the City and live a fulfilling life. Some attend the building on a regular basis, whilst others prefer to receive their support entirely in their own homes or communities. Still others may attend the Hub for special events and then receive the rest of their support in a variety of different leisure and sports facilities. Everyone's support package is developed in partnership with them and reviewed regularly to ensure that they are being supported to achieve their own goals and aspirations. The official opening ceremony for the new Dundee Community Hub was held in December 2016 and amply demonstrated the creativity and enthusiasm of our customers and the clear value of the investment made by the Trustees in the Hub.

Since October 2016, as a result of the Trustees' decision to sell our Westerlea and Loaning Road properties in Edinburgh and invest in new purpose-designed facilities, the people who use our services in Edinburgh are able to access a new day opportunities service model underpinned by the opening of two new Community Hubs in the City. This was the culmination of two years of intensive planning and development work and each Community Hub was fully refurbished to ensure the provision of state-of-the-art facilities which are accessible to all.

Our Riccarton Hub, at the Heriot-Watt University Campus, offers individuals sensory and therapeutic experiences and activities including a purpose-built sensory kitchen, two sensory rooms and a dedicated gym and rebound therapy room. The Craigmillar Hub offers individuals accessible art and assistive technology experiences with a significant investment in the digital suite. Opportunities to develop micro enterprises and life skills through planning/production/marketing/sales are also available at Craigmillar and both Hubs are proving very popular with our customers. The model also provides a new community support element offering a range of experiences to suit individual choices. This enables customers to choose from the different elements of the support available within the model to maximise the impact of their individual budget in the achievement of their personal outcomes and aspirations.

All of this change happened at the same time as the City of Edinburgh Council undertook a major review of the funding arrangements of the service (with a move away from traditional block grant arrangements to individual self-directed support packages) as well as a review of transport arrangements for each customer. We were then also required to submit a proposal to be part of a new Framework for Day Opportunity Services in the City and are awaiting the outcome of this process. Our Riccarton and Craigmillar Hubs continue to support customers from the three other Lothian Local Authority areas.

In partnership with North Lanarkshire Council, we have undertaken a comprehensive review of our North Lanarkshire Enablement Service to ensure that it is appropriately funded and able to address the challenges posed through outcomes based commissioning both at an organisational and individual level.

We have also increased the capacity of our Junction 52 Day Opportunities Service in Glasgow by 25% to accommodate the ever increasing demand for this service, judged to be excellent by the Care Inspectorate at the time of its last inspection.

Fife Council and the Health and Social Care Partnership continue to be key commissioning partners for the organisation and during 2016/17 service work in the area led to a comprehensive review of a number of organisational policies and procedures. In December 2016, we relaunched our integrated Child and Adult Protection Framework which had been updated to include recent changes in legislation and the requirements placed on the organisation with regard to the protection of vulnerable children and adults. In parallel with this we introduced an enhanced reporting procedure for Child and Adult Protection issues. We continue to work with Fife Council and the Care Inspectorate to ensure our procedures are robust and comprehensive both locally and organisation-wide.

Practice development has also continued for individuals in Fife. In July 2016, two of our customers were supported to make the decision to leave traditional day services and employ Community Enablement Workers to provide 1:2:1 day services for daily activities through Capability Scotland. This has greatly enhanced their quality of life and the achievement of their outcomes through the development of meaningful activity plans and the targeted use of their self-directed support budgets.

Our schools continue to provide vital education, care and support and allied health provision for children and young people with complex additional support needs. Both Stanmore House and Corseford Schools are supported through the Scottish Government's Grant Aided Special Schools (GASS) programme and are regarded by parents as essential to the ongoing education, health and wellbeing of their children. Our schools operate in line with all required legislative and policy drivers, principally Curriculum for Excellence and aim to achieve outcomes for the children and young people which demonstrates adherence to the principles of GIRFEC and SHANNARI.

We continue to consider how best to address the transition needs of those young people who are ready to move on from our schools and in August 2016 we opened a pilot continuing education service at Stanmore House School. This new provision was created in response to the unmet needs of three school leavers who had not engaged with education for 18 months. Since then each student has achieved various SQA and ASDAN qualifications and the families have confirmed that they are gaining in both confidence and skills. They have also been encouraged to become active citizens and effective contributors participating in recreational/social activities in their local community and by fundraising for various charities throughout the year. The young people have been encouraged to use the service as a base from which to engage with the wider community and to begin to explore the possibilities offered them through adult service provision.

2016/17 was the last full year of operation for the Department of Work and Pensions commissioned Work Choice Contract. Capability Scotland continued to deliver for the two Scottish Prime Contractors and exceeded its outcome targets for supporting disabled people to secure and sustain employment. We also continued to provide support to people to secure employment through the national Steps to Employment contract and the local Progress Fife contract. Local evidence of the impact of our work

can be drawn from a number of sources including using the Employment Readiness Scale under the sponsorship of Fife Council. This required our performance to be measured against a number of key criteria and the results have been positive. For example, 58% of customers showed improvement in self-efficacy (confidence to perform well). Other areas showing improvement included: outcome expectancy (a willingness to take responsibility to create one's own success - particularly for 30-45 year olds); job maintenance (the ability to work well with others); developing social support networks (particularly for male clients); and upgrading skills and/or education to match the current opportunities. The improvements in our customers' readiness for employment matched or exceeded the average improvement across Fife.

As an employer, Capability Scotland strives to be sector leading and is proud to have paid the Scottish Living Wage to our staff since 2014. We are delighted that during 2016/17 we were able to complete our Job Evaluation process using a bespoke factor-based analytical Job Evaluation scheme designed with the assistance of the Advisory, Conciliation and Arbitrations Service (ACAS). This new scheme was agreed with our recognised trade unions, Unison and Unite, and was implemented as a robust, fair and equitable way of ranking jobs.

Following completion of the Job Evaluation exercise, we negotiated with Unison and Unite, under the chair of ACAS, a new Pay and Grading structure which came into effect from 1 April 2016. As a result, not only were we able to continue to pay the Scottish Living Wage of £8.25 per hour as a minimum rate of pay, the new grading arrangements resulted in all of our care staff moving to a minimum of £9.00 per hour. We believe that this move – hailed as “sector-leading” by our trade unions – more appropriately recognises and rewards the invaluable work of our frontline care staff and reflects Capability Scotland’s commitment to delivering quality frontline services. Additionally, this positions us well for the new Gender Pay reporting requirements.

We recognise our challenge is ensuring that our new pay and grading arrangements remain affordable in the increasingly difficult and demanding environment for social care providers where need is increasing and funding is decreasing or under constant pressure. We were pleased to note the Scottish Government’s recognition of the need to support the Third Sector and their extra funding for the implementation of the Scottish Living Wage for frontline care staff. However, it has been extremely challenging for us to secure our share of that extra funding. We applaud those Local Authorities that have recognised the issues of recruitment and retention of frontline care staff and who have fully funded the impact of the Scottish Living Wage on service costs. Regrettably, this has not been the same across the country and with the support of our trade union partners, Unite and Unison, we continue to challenge those Local Authorities who have failed or refused to pass on this vital extra Scottish Government funding.

This section on achievements and performance in 2016/17 demonstrates our Trustees’ confidence and investment in the future. However, this has also meant having to make difficult decisions during the last twelve months. Where services have no longer proved sustainable, either because of funding pressures or outdated models (or indeed a number of other factors) the Trustees have taken the decision not to renew or continue contracts. These strategic decisions have seen us withdraw from the delivery of play and activity schemes in two Local Authority areas, the delivery of

a small supported living service in Aberdeen City and the closure of the Westerlea Early Years' Service. The closure of any service is both challenging and upsetting for our customers and the organisation. However, in each situation we have worked closely with our customers, carers, staff and Local Authorities/Health and Social Care Partnerships to ensure that transition arrangements are in place and, where possible, alternative provision has been arranged.

Fundraising activity in 2016/17 continued to demonstrate the valuable support of many companies and individuals to the work of Capability Scotland.

Companies and Organisations - In August 2016, the 2-year Charity of the Year partnership with Scope and Standard Life came to an end by which time over £150,000 had been raised for Capability Scotland. The funds were raised by Standard Life staff through Payroll Giving, staff lottery and events' participation. The successful partnership was shortlisted in the 2017 Business Charity Awards.

In July 2016, Capability Scotland and Scope entered the second year of a partnership with Virgin Media who supported both organisations via corporate donations and staff participation in fundraising events. In 2016/17, Virgin Media's corporate donation contributed £40,000 towards the cost of the digital suite at the new Craigmillar Hub in Edinburgh.

An ongoing appeal for contributions towards the costs of the new Edinburgh Community Hubs has been supported by a number of Trusts and Foundations. The largest single donation of £80,000 was received in September 2016 from The Robertson Trust.

Individuals - Our many individual fundraising volunteers took part in a range of fundraising events including abseils and marathons and supported us by responding generously to appeals. Three supporters alone contributed over £12,000 by taking on a personal challenge; by making a regular gift; and by asking for donations to Capability Scotland in lieu of wedding presents.

Legacies remained a significant source of voluntary income for Capability Scotland. In 2016/17, 89% of total legacy revenue was received from people who had supported us during their lifetime.

During the year, our Shops Working Group has continued to focus on the challenging trading environment facing our shops. Our Shops Strategy was reviewed and two shops were closed.

Capability Scotland's network of charity shops relies on our volunteers in order to function effectively. The volume of work involved in stocking and selling from a charity shop far exceeds that of a normal retailing operation. Put simply we could not operate without the commitment of our volunteers who collectively give over 1,000 hours per week across the 12 shops. We recognise this incredible commitment and a strong relationship between paid staff and volunteers is key to the success of any Capability Scotland shop.

Of our current 133 volunteers, 45 consider themselves to be disabled. People volunteer for a number of reasons, although work experience in order to gain paid employment, social interaction and confidence building are among the most common. One volunteer, in Perth, was also registered with Capability Scotland's Employment Service and came to work with us on a work placement. He thrived in doing different things on the shop floor and became a real asset to the shop manager. When his funded employment ended he returned on a voluntary basis before securing paid employment at a large retail store in Perth where he continues to do well.

During 2016/17, we took the opportunity to review our arrangements for the management of Health and Safety across the organisation. As a result, we entered into a contractual arrangement with an external specialist Health and Safety provider, Xact. This arrangement includes 24/7 access for all services, shops, schools and functional managers to specialist advice 365 days a year, on-site support in the event of an incident or accident, in depth site audits, training and policy updates and developments. This more accessible, flexible, lower-cost advice service has proved to be of benefit, particularly to those services and sites operating outwith normal Monday to Friday 'office hours'. It also complements the Managing Safely training provided by our insurers, RSA, in January 2017 for ten of our service managers.

Another area of delivery within our services where we believed we could improve was in the provision of catering. Following a detailed audit process, the organisation entered into a partnership with CEDAR, a specialist catering provider, which focusses on the provision of high-quality, needs led catering in care settings. This partnership started in January 2017 and is being piloted at Upper Springland, our largest care home, with the intention of being rolled out in other sites during 2017/18.

In line with our aims we are committed to delivering quality services and meeting the expectations of those who use our services. Our registered care services are regulated by the Care Inspectorate and during 2016/17, 11 of our 17 currently registered care services were inspected. Of these 11 inspections, 9 achieved grades of 5 or more ('very good'), with none receiving grades of less than 4 ('good'). We also invested in the creation of an Improvement and Development Manager role for the organisation. This post has been central in the development of a number of additional quality measures in 2016/17 including the Service Risk Profile Tool, the refreshed Child and Adult Protection Framework and reporting system, the new Service Improvement and Development Planning Process and the streamlined internal audit process.

Further organisational changes are also planned regarding quality as in March 2017 a review of our quality management processes reported to the Service Quality Committee. The conclusion, which was accepted, was that Capability Scotland transitions away from ISO 9001 and adopts the European Foundation for Quality Management (EFQM) Excellence Model as its main Quality Management System with effect from March 2018. Our shops have already achieved EFQM Committed to Excellence Status.

With regard to our external policy and campaigns work, Capability Scotland has continued to contribute to the work of Disability Agenda Scotland (DAS). DAS aims to

influence policy and legislation to benefit disabled people, provide a forum for decision makers and influencers to obtain advice and information and promote better understanding of the diverse experiences, needs and aspirations of disabled people across Scotland through focussing on issues of shared interest.

Our Scottish Government grant to deliver policy development work in relation to the needs of children and young people who are disabled ended in March 2017. The Scottish Government decided to refocus the grant programme on other areas of activity. In 2016/17, we concluded our partnership with the Scottish Government and Glasgow Centre for Inclusive Living (GCIL) on housing and disability. We continue to have a strong partnership with GCIL regarding these issues. However, in recent years the Trustees have recognised the increasing need for us to focus our resources on the delivery of direct services given the challenging external environment in which we operate and the reduction of grant funding for policy work.

Financial Review

The Trustees note that the financial performance in the year resulted in a deficit of £168,707, compared to a surplus of £738,528 in 2015/16. The challenging economic environment continued to depress income; and the outcome of Job Evaluation and greater use of agency staff increased costs. The need to change and invest for the future has been recognised and the resulting ambitious modernisation programme continued to be implemented in the year. The Trustees remain focussed on ensuring that the organisation remains financially sustainable in the long term.

Total income for the year was £25,103,948. This is £260k less than the previous year. Income from Charitable Activities for the delivery of services to disabled people increased by 2.1% in the year to £22.1m. Included in total income is £905k being the gain on disposal of property, which is £433k less than 2015/16. Voluntary income from donations and legacies is 12.4% lower than the previous year and income from trading from shops decreased by 25.7%, as part of the shops closure strategy.

Income from Charitable Activities was £462k higher than those generated in 2015/16. This income at £22,142,552 is analysed by funding source and activity in Note 2 to the Accounts.

Fundraising income in this year was £976k, a decrease of £138k with both legacies and income from donations and gifts falling 17.4% and 9.5% respectively. The costs associated with raising funds reduced by £82k (23.8%) over the previous year.

The Trustees are extremely grateful to the many individual supporters who remember Capability Scotland in their wills along with all those who provide financial support on an ongoing basis. We also acknowledge the tremendous amount of time and expertise that our dedicated volunteers contribute to generating donations. Our volunteers ensure that a sustainable level of fundraised income is received through their work in our shops, collection cans and participation in events.

The organisation continues to operate shops which generate income from donated goods. As previously reported, a number of our high street shops were inherited in 2000 from Scope, a charity registered in England and Wales. For the majority of these shops we are committed to ongoing leases. The Trustees continue to take action to

address the financial performance of our charity shops and 2016/17 saw the closure of two shops with 12 shops trading at the year-end date. Shops' income decreased by £304k (25.7%) compared to the previous year and costs associated with the operation of shops reduced by £445k (32.6%).

Total expenditure increased by 2.6%, with costs increasing by £647k over the previous year. Reductions in the costs of fundraising and shops noted above were offset by a £1,174k increase in the cost of delivering services following the implementation of the outcome of Job Evaluation and an increased usage of agency staff. The Job Evaluation outcome, which delivered a minimum of £9.00 per hour to care staff, resulted in 81% of frontline staff receiving an increase together with pay protection until March 2018 for any staff adversely affected. Included in expenditure are support costs of £1,664k, an increase of £109k compared to 2015/16.

The final salary pension scheme valuation under FRS102 rules, which shows a positive position of £4.1m, has not been recognised as an asset because the scheme is now closed. The Trustees have plans in place to ensure the full triennial valuation liability is managed while securing members' benefits.

Reserves Policy

The Trustees hold reserves in order to provide the necessary working capital to carry out our activities and to provide protection against adverse financial circumstances in the future. Our policy is to hold the sum of net current assets attributable to unrestricted funds (note 11(d)) being equivalent to three months' expenditure. At 31 March 2017, free unrestricted net current assets, expressed as current assets less current liabilities (note 11(d)), totalled £2.1m, which is 33% of the target amount. It was noted in the prior year Trustees' Report that the reinvestment of funds acquired from prior property disposals would mean that previous higher levels of free reserves would not be maintained. During the year, free reserves were reduced by the addition of £3.4m to fixed assets largely as part of our modernisation programme - £2.6m was spent on acquiring and fitting out the new services at Riccarton and Craigmillar and £279k on the modernisation of the IT and Telecoms infrastructure. As a result, free unrestricted net current assets, at £2.1m, have fallen to levels similar to those prior to the substantial injection of cash from the sales of properties. The Trustees will continue to take action to improve the financial position of the organisation and to build up the free reserves position in line with our stated policy. At 31 March 2017, restricted funds totalled £1,240k.

At the year-end date the Trustees undertook a thorough review of funds previously designated and considered areas where funds are required to be designated for future expenditure. The Trustees agreed to retain the level of previously Designated Funds and can confirm that plans are in place to spend all Designated Funds.

Plans for the Future

The Trustees have agreed that the current Strategic Plan meets the organisation's needs through to the end of 2017/18. The final year will focus on the continued implementation of our plans to meet our five strategic objectives and consolidating and building on the considerable modernisation and development work undertaken in the previous years. The Trustees will also be carrying out a comprehensive review in

2018 to determine the future strategic direction of the organisation and develop a new Strategic Plan.

In the coming year, our main priority will remain the delivery of our direct services and schools; fundamental to this is the need to increase income levels to meet changing customer needs and rising inflationary pressures. This work is ongoing and remains significantly challenging given the external commissioning and contractual environment in which we operate. Since 2007, there has been a steady decline in funding levels as Local Authorities (and now Health and Social Care Partnerships) have struggled to deal with ever decreasing central government funding. However, our cost pressures have continued to rise during this time and this, coupled with the increasing levels of need of the people we support, mean that we must ensure that funding received, through the multiple funding mechanisms now used to pay for our services, is appropriate to the services provided. Where uplifts in funding have been awarded they have been linked to the additional funding made available to Local Authorities by the Scottish Government to assist with the impact of the implementation of the Scottish Living Wage and, whilst very welcome, have not redressed the now ten-year erosion of our funding base. As noted earlier, some Local Authorities have still to make any additional uplift.

Where we are unable to secure appropriate levels of funding for services, or where models are out of date or no longer fit with the strategic direction of Capability Scotland, the Trustees have agreed that they cannot be subsidised by the organisation indefinitely and may need to close. In these situations, we will work closely with our commissioning partners, customers, carers and staff to minimise the impact of any such closures.

We will also review our existing employment services and consider how we can be best placed in the changing external market for this area of work. This will be within the context of the next phase of employment support contracts following the transfer of employability powers to Scotland as set out in the Scotland Act 2016.

With regard to development, our priorities will continue to be two-fold – focussing on organic growth of our existing services and schools where possible and tendering for new contracts and frameworks as appropriate. Both are necessary to ensure the future growth and development of the organisation and will include submitting bids as existing Framework Agreements are retendered.

In 2017/18, we will continue with our improvement and development agenda to ensure that we are ready for the implementation of the new National Care Standards. This will include training for all service managers and the further development of the new improvement and development planning process which will replace the Care Inspectorate's Self Evaluation tool.

Following discussions with the Care Inspectorate, we are planning to undertake a comprehensive review of our arrangements relating to Guardianship and Adults with Incapacity for all our adult customers. We will work with the Office for the Public Guardian in taking this work forward to ensure that our procedures are robust and to maximise individual choice and control whilst at the same time ensuring personal safety at all times. We will also complete the review of a number of essential internal

policies and procedures and implement these across the organisation. These will be cross-referenced with both the new National Care Standards and the work on Guardianship.

We must ensure that our 'back office' and corporate functions are fully aligned to supporting and improving the delivery of quality services to customers in line with our regulatory, statutory and contractual obligations. These functions have to be flexible, cost-effective and proportionate to our changing organisation and regulatory environment and we need to seek innovative and creative ways of delivering these in future.

Similarly, we recognise there is an opportunity to utilise technology more effectively across every aspect of the organisation. We will be undertaking a review of our ICT Development Plan using external expertise to ensure that we develop the best integrated, lowest cost and appropriate plans to utilise technology, applications and software to enhance experiences, improve services and reduce costs.

We have extended our contract for the provision of Health and Safety advice and support with Xact for a further twelve months. We are working with them on a comprehensive review of our Health and Safety arrangements and procedures, a more 'user friendly' Health and Safety website, in depth site audits and risk assessments and tailored, service-specific Health and Safety training for managers and Health and Safety representatives.

We will also be reviewing our arrangements for delivering Scottish Vocational Qualifications (SVQs) and staff training in the coming year. We are seeking to better utilise technology and e-learning, coupled with internal and external expertise to deliver a lower cost, more flexible suite of training and learning options for staff without impacting on the high quality currently delivered.

During the coming year, we will review and update a number of our quality management tools in preparation for the transition to the more qualitative approach that EFQM encourages including: our complaints handling policy and procedure, our internal audit arrangements, self-assessment, improvement and development planning and quality reporting. These will be designed to demonstrate and promote excellence in the delivery of services and outcomes for the people we support.

Risk Management

The Trustees have reviewed the Register of Risks, looking into specific risk areas and sought assurance that awareness of risk is embedded in our planning and operations. The Main Board has received reports and is satisfied that systems are in place to mitigate our exposure to the major risks. The Trustees recognise our main areas of risk are around the pressure on available public funds and the effect that this is having on our ability to continue to deliver high quality individualised services. Similarly, we acknowledge the risks associated with providing support to very vulnerable people and ensuring that our staff are fully trained and supported in this challenging role.

The Trustees have systems and controls in place to ensure that appropriate measures and actions are taken to manage and reduce the impact of the risks identified. The reduction in funding for services, particularly through no inflationary awards and Framework Agreements that see downward price pressure, are being mitigated

through our modernisation programme, investment in ICT infrastructure and systems and our financial management controls, including budget management and financial reporting. As a provider of care and support services to vulnerable adults and children our procedural framework, supported by safer recruitment, training and supervision ensures we have the best practice safeguards in place. Our customer involvement processes, whistle blowing procedure and oversight by regulatory bodies and our Service Quality Committee, a sub-committee of the Main Board, provide further assurance in this area.

In respect of funding for the two Grant Aided Special Schools (GASS), the Scottish Government have advised an intent to 'move to strategic commissioning of services for children with complex additional support needs in the financial year 2018/19' and that we will be kept informed of developments. There is a risk that 'ring-fencing' of these funds will be removed, use of funding could be made more prescriptive and that amounts could also be subject to cuts.

Employees

We have an Equal Opportunities policy and procedures which ensure that no job applicant or employee (on a paid or voluntary basis) receives less favourable treatment than others on the grounds of disability, HIV status, race, nationality, religion, sex, age, marital status, sexuality or responsibility for dependants. This covers recruitment, training, career development and promotion. We ensure that all employees have equal access to the same opportunities.

We have agreed and adopted an Equal Pay policy covering all staff and are preparing our first Gender Equality Pay report. This will reflect that our male and female staff do not suffer detriment in terms of pay compared to one another.

The organisation continues to meet the requirements of the 'Positive about disabled people' symbol awarded by the Employment Service in recognition that mechanisms are in place to positively encourage recruitment and retention and development of disabled employees.

In order to meet the requirements of the Regulation of Care (Scotland) Act 2001, the Care Inspectorate and the Scottish Social Services Council, we are continuing to support our care and support staff to enable them to become SVQ qualified and we offer a comprehensive range of training and development opportunities for staff. We have enhanced our referencing processes to ensure they are as robust as possible and that we recruit the best candidates for roles.

Working with our external Health and Safety advisors and our insurers, we are rolling out driver medical assessments for staff across the organisation as a proactive step in risk management. We are increasing our management of health assessments for night workers and monitoring working time arrangements to improve work/life balance and reduce risk. We offer a comprehensive and confidential Employee Assistance Programme which is free and easy for staff to access for advice and assistance on a range of health, legal and lifestyle issues.

Staff Information and Involvement

Staff are informed of current developments via regular team meetings, departmental briefings and updates on the organisation's internal intranet site. Staff induction programmes and manager training includes information on policy changes, best practice, wider economic factors affecting our work and any other matters of interest. Within services, staff have regular one-to one supervision sessions where issues of concern and/or interest are raised and most services have regular reflective practice or improvement meetings to share experiences and learnings.

We have several fora which involve staff representation. These include the Joint Negotiating and Consultative Committee (JNCC) and the Health and Safety Committee where staff are involved in the development of policies and procedures and consulted with on any restructuring of service provision. Staff are also actively encouraged to raise any issues of concern with senior management through our Improvement Request System. We are currently working with ACAS and all five trade unions to revise and improve the current JNCC arrangements.

Structure, Governance and Management

Governing Document

Capability Scotland is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 5 June 1961 and altered by special resolutions passed on 8 October 1997, 11 October 2006 and 8 October 2008.

It is registered as a charity with the Office of the Scottish Charity Regulator and recognised as a charity by HMRC. The membership of Capability Scotland shall not exceed 300 and the power to admit new members is exercisable only by the Main Board.

As set out in the governing document, the main objectives for which the organisation is established are to "promote, initiate, plan or assist schemes or activities directed towards the well-being of persons suffering from cerebral palsy and allied conditions".

Members are required to contribute an amount not exceeding £1 in the event of the charity winding up.

Appointment of Trustees

As set out in the Articles of Association, the Chair of the Main Board is nominated by members of the Main Board. The Main Board consists of not less than five members. One third of the membership of the Main Board will retire from office each year but are eligible for reappointment at the Annual General Meeting. The Main Board has the power to co-opt additional members of the Main Board. In March 2017, a recruitment exercise began using an external agency to find a new chair of the Finance and Audit Committee who will also join the Main Board.

The members are circulated with invitations to nominate Trustees prior to the Annual General Meeting advising them of the retiring Trustees and requesting nominations for the Annual General Meeting.

Trustees' Induction and Training

New Trustees are appointed to fill Main Board vacancies and are recruited on the basis that their skills and expertise will be utilised in the furtherance of the charity's objectives. The new Trustees undergo an induction period to advise them of their legal obligations under Charity and Company law, the contents of the Memorandum and Articles of Association, the Committee and decision making process, the Strategic Plan and recent financial performance of the charity. During this induction period they meet key employees and other Main Board members. Trustees, supported by key management personnel, maintain and develop their skills and knowledge on an ongoing basis.

Organisation

The Main Board administers the charity on behalf of its members. The Main Board usually meets four times in each calendar year and there are subsidiary committees covering Finance and Audit, Remuneration and Service Quality which meet as required. The Main Board will establish new committees as and when appropriate to provide advice and assistance to the Main Board and the Chief Executive. The Shops Working Group, a sub group of the Main Board, continues to focus on the strategic development and operational performance of our shops. The Chief Executive is appointed by the Main Board to manage the day to day operation of the charity.

The Trustees delegate authority for operational matters to the Chief Executive who is supported by an Executive Management Board consisting of key management personnel. The Chief Executive has delegated authority from the Main Board for operational matters including finance, employment, service delivery, fundraising and development.

Key Management Personnel Remuneration

The Remuneration Committee, a sub-committee of the Main Board, is responsible for setting pay and remuneration for key management personnel. The Remuneration Committee commissioned an external consultant to carry out a Job Evaluation and benchmarking exercise for this group of key management personnel. The outcome of that process was accepted as an appropriate and suitable framework for setting pay for this group. One annual increase in salaries has been awarded since 2009.

Related Parties

The charity has a wholly owned subsidiary, Capability Scotland Trading Ltd., which sells bought goods, with the income generated being made available to the charity for the furtherance of its charitable objectives. The charity's subsidiary Trading Company did not trade during the year.

Reference and Administrative Information

Charity number SC011330
Company number SC036524

Registered Office c/o Morton Fraser LLP,
2 Lister Square,
Edinburgh
EH3 9GL

Auditors

Henderson Loggie, 34 Melville Street, Edinburgh, EH3 7HA

Bankers

The Royal Bank of Scotland, 36 St Andrew Square, Edinburgh, EH2 2YB

Solicitors

Morton Fraser LLP Solicitors, 2 Lister Square, Edinburgh, EH3 9GL

Brodies LLP Solicitors, 2 Blythswood Square, Glasgow, G2 4AD

Turcan Connell, Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 9EE

Committee Members and Officials

Patron

His Royal Highness The Duke of Edinburgh KG KT GBE

President

The Rt Hon. the Lord Hardie QC

Honorary Life Members

Mr A A Graham CA
Mr G D Holmes CB FRSE FICFor
Mr J Sinclair

Main Board of Trustees

Chair Mr D Currie

Professor A Cameron

Dr J Elder-Woodward

Mr J d'Aguilar

Mr P Edwardson (resigned 31/3/17)

Mr C Gilmour

Professor A Waller

Mr M McCarron

None of the above had any interest in any group company at any time in the year.

For the purposes of the Companies Act 2006 the Trustees of the charity are the directors of the company.

Senior Management Personnel

The Chief Executive is appointed by the Main Board to manage the day to day operation of the charity. To facilitate effective operation, the Chief Executive has delegated authority, within terms of delegation approved by the Main Board, for all operational matters.

Chief Executive

Dana O'Dwyer

Chief Operating Officer and Company Secretary

George Finnigan (resigned 12/5/17)

Director of Services and Development

Charlie McMillan

Director of Human Resources

Linda Fowler

Director of Corporate and Customer Services

Helen Doctor (retired 30/9/16)

Mr. Finnigan was a Company Nominated Trustee of the Capability Scotland Final Salary Pension Scheme.

Statement of Trustees' Responsibilities

Law applicable to incorporated charities in Scotland requires the Main Board to prepare a Trustees' Report and Accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the group at the end of the year and of its financial activities, including its income and expenditure during the year then ended. In preparing those financial statements, the Main Board are required to:

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

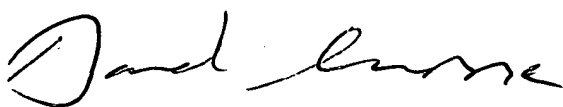
In determining how amounts are presented within items in the statement of financial activities and balance sheet, the Trustees must have regard to the substance of the reported transactions or arrangement, in accordance with generally accepted accounting principles or practice.

The Main Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open

to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

At the time of approving this report, the Trustees are aware of no relevant audit information of which the company's auditors are unaware and have taken all steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Annual Report is signed by the Chair on behalf of the Main Board of Trustees. The Trustees also approve the Strategic Report, which is contained within the Annual Report, in their capacity as company directors.

A handwritten signature in black ink, appearing to read 'David Currie', written in a cursive style.

By order of the Main Board
D Currie
Chair

27 June 2017

Registered Office: Capability Scotland, c/o Morton Fraser LLP Solicitors, 2 Lister Square, Edinburgh, EH3 9GL

Capability Scotland is a company limited by guarantee, registered in Scotland, number SC036524. It is registered with the Office of the Scottish Charity Regulator as a Scottish Charity, number SC011330.

Independent Auditors' Report to the Members and Trustees of Capability Scotland

We have audited the financial statements of Capability Scotland for the year ended 31 March 2017 which comprise the group and charitable company Statements of Financial Activities, the group and company Balance Sheets, the Group and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and 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.

Respective responsibilities of trustees and auditor

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

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standard.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report and the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Independent Auditors' Report to the Trustees and Members of Capability Scotland

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent's 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- the parent 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 parent charitable company's financial statements are not in agreement with the accounting records or 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.



James Davidson (Senior Statutory Auditor)
for and on behalf of Henderson Loggie Statutory Auditors
(eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

34 Melville Street
Edinburgh
EH3 7HA

27 June 2017

Group and Company Statement Of Financial Activities
(incorporating an Income and Expenditure Account)

For the year ended 31 March 2017

		2017			2016		
		Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
Income From:							
Donations and Legacies	5	700,206	276,235	976,441	822,434	291,788	1,114,222
Charitable Activities	2	13,483,942	8,658,610	22,142,552	12,112,888	9,567,903	21,680,791
<i>Other trading activities:</i>							
Commercial Trading Operations		878,322	0	878,322	1,182,350	0	1,182,350
Investments	4	23,426	0	23,426	22,061	0	22,061
Other Activities - rental income		178,693	0	178,693	26,541	0	26,541
Gain on Property Disposals		904,514	0	904,514	1,337,743	0	1,337,743
Total		16,169,103	8,934,845	25,103,948	15,504,017	9,859,691	25,363,708
Expenditure on:							
Raising Funds	3	263,284	0	263,284	345,554	0	345,554
Commercial Trading Operations	3	918,111	0	918,111	1,362,768	0	1,362,768
Charitable Activities	3	15,191,525	8,899,735	24,091,260	13,031,654	9,885,204	22,916,858
Total		16,372,920	8,899,735	25,272,655	14,739,976	9,885,204	24,625,180
Net Income/(Expenditure)		(203,817)	35,110	(168,707)	764,041	(25,513)	738,528
Transfers between funds	11	0	0	0	0	0	0
		(203,817)	35,110	(168,707)	764,041	(25,513)	738,528
Other recognised gains/(losses)							
Actuarial (losses) on defined benefit pension schemes	3	(300,000)	0	(300,000)	(307,500)	0	(307,500)
Net movement in funds		(503,817)	35,110	(468,707)	456,541	(25,513)	431,028
Reconciliation of funds:							
Funds brought forward at 1 April 2016		11,794,192	1,205,019	12,999,211	11,337,651	1,230,532	12,568,183
Fund carried forward at 31 March 2017		11,290,375	1,240,129	12,530,504	11,794,192	1,205,019	12,999,211

All of the above results are derived from continuing activities.

The subsidiary company was dormant in the current and previous years so the statement of financial activities above represents that of the group and the company.


The auditor's report to the Trustees and Members of Capability Scotland is on pages 18-19.

The notes on pages 24 to 43 form part of these Accounts.

Group Balance Sheet
As at 31 March 2017

		2017	2016
	Notes	£	£
FIXED ASSETS			
Tangible Assets	6	9,399,705	6,706,588
CURRENT ASSETS			
Stock	8	73,978	91,209
Debtors	7	3,196,402	7,763,452
Cash at bank and in hand		2,661,787	3,112,355
		5,932,167	10,967,016
Creditors: amounts falling due within one year	9	(2,611,885)	(4,565,030)
NET CURRENT ASSETS		3,320,282	6,401,986
TOTAL ASSETS Less			
CURRENT LIABILITIES		12,719,987	13,108,574
Liabilities:			
Creditors: amounts falling due after more than one year	10	(189,483)	(109,363)
TOTAL NET ASSETS		12,530,504	12,999,211
THE FUNDS OF THE CHARITY			
Unrestricted funds	11	11,290,375	11,794,192
Restricted funds	11	1,240,129	1,205,019
TOTAL CHARITY FUNDS		12,530,504	12,999,211

The Accounts were approved by the Main Board on 27 June 2017 and signed on their behalf by:



D. Currie
Member of the Main Board

The auditor's report to the Trustees and Members of Capability Scotland is on pages 18-19.

The notes on pages 24 to 43 form part of these Accounts.

Company number SCO36524

Balance Sheet
As at 31 March 2017

		2017		2016	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible Assets	6		9,399,705		6,706,588
CURRENT ASSETS					
Stock	8	73,978		91,209	
Debtors	7	3,202,600		7,769,650	
Cash at bank and in hand		2,634,191		3,084,759	
		5,910,769		10,945,618	
Liabilities:					
Creditors: amounts falling due within one year	9	(2,611,885)		(4,565,030)	
NET CURRENT ASSETS			3,298,884		6,380,588
TOTAL ASSETS Less					
CURRENT LIABILITIES			12,698,589		13,087,176
Liabilities:					
Creditors: amounts falling due after more than one year	10		(189,483)		(109,363)
TOTAL NET ASSETS			12,509,106		12,977,813
THE FUNDS OF THE CHARITY					
Unrestricted funds			11,270,822		11,774,639
Restricted funds	11		1,238,284		1,203,174
TOTAL CHARITY FUNDS			12,509,106		12,977,813

The Accounts were approved by the Main Board on 27 June 2017 and signed on their behalf by:



D. Currie
Member of the Main Board

The auditor's report to the Trustees and Members of Capability Scotland is on pages 18-19.

The notes on pages 24 to 43 form part of these Accounts.

Company Number SCO36524

Statement of cash flows
For the year ended 31 March 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:	12	(3,697,627)	509,443
Net cash provided by (used in) operating activities			
cash flows from investing activities:			
Dividends, interest and rents from investments		202,119	48,602
Proceeds from the sale of property, plant and equipment		6,292,803	506,543
Purchase of property, plant and equipment		(3,364,902)	(698,253)
Net cash provided by (used in) investing activities		3,130,020	(143,108)
Cash flows from financing activities:			
Hire purchase interest paid		(16,671)	(8,085)
Repayments of borrowings		(98,701)	(69,758)
Cash inflows from new borrowing		232,411	49,644
Net cash provided by (used in) financing activities		117,039	(28,199)
Change in cash and cash equivalents in the reporting Period		(450,568)	338,136
Cash and cash equivalents at the beginning of the reporting period		3,112,355	2,774,219
Cash and cash equivalents at the end of the reporting period		<u>2,661,787</u>	<u>3,112,355</u>
Cash and cash equivalents at the beginning of the reporting period for Capability Scotland		<u>3,084,759</u>	<u>2,746,623</u>
Cash and cash equivalents at the end of the reporting period for Capability Scotland		<u>2,634,191</u>	<u>3,084,759</u>

The auditor's report to the Trustees and Members of Capability Scotland is on pages 18-19.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

ACCOUNTING POLICIES

Status of the Company

Capability Scotland is a company limited by guarantee of its members and does not have a share capital. Each member has undertaken to contribute an amount not exceeding one pound towards any deficit arising in the event of the company being wound up. The registered office is stated on page 15.

Basis of accounting

The financial statements have been prepared to fully comply with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The accounts have been prepared under the historical cost basis of accounting modified to include investments at market value, the revaluation of certain land and buildings, and in accordance with applicable accounting standards.

Capability Scotland meets the definition of a public benefit entity under FRS 102.

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

Going concern

The charity's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Trustees' Annual Report.

As detailed in the financial review, the charity has responded to cuts in funding and continues to monitor the position carefully to ensure it has adequate financial resources to be placed to manage its business risks sufficiently despite the current uncertain economic outlook.

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and consider that the going concern basis of accounting in preparing the financial statements is appropriate.

Basis of Consolidation

The accounts of the subsidiary company, Capability Scotland Trading Ltd, are consolidated in the group accounts.

Funds

Funds are classified as either restricted funds or unrestricted funds, defined as follows:

Restricted funds are funds subject to specific trusts, which may be declared by the donor or with their authority (e.g. by the restrictive wording of an appeal). Some are restricted income funds expendable at the discretion of the Main Board in furtherance of a particular activity, such as central and local government grants and fees for a specific school or service, and funds raised for particular client groups or activities.

Unrestricted funds are expendable at the discretion of the Main Board in furtherance of the objects of Capability Scotland. If part of the unrestricted funds is earmarked at the discretion of the Main Board for a particular project, it is designated as a separate fund. This designation has an administrative purpose only, and does not legally restrict the Main Board's discretion to apply the fund.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Legacies

A legacy is regarded as receivable if it is clear that at the accounting date it is probable it will be received and the administrators of the estate have indicated the level of payment to be made.

Grants and fees receivable from statutory sources

Grants and fees receivable include government grants and receipts under other funding arrangements from central and local government and their agencies which are of a revenue nature. This includes income recognised as earned (as the related services are provided) under contract or where entitlement to grant funding is subject to specific performance conditions. Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Where grants and fees have been received but are in relation to services not yet provided, or the grant conditions state that the funding relates to a future period, the income is deferred and included in Other Creditors and Provisions.

Donated Services and Gifts in Kind

Donated services and facilities are included at the value to the charity where this can be quantified which is the value the charity would have paid on the open market. No amounts are included in the financial statements for services donated by volunteers.

Gifts in kind including donated goods for resale are recognised at fair value in the financial statements when received. Donated goods sold under the Gift Aid scheme earn a commission of 1% which is recognised when goods are sold.

Stock

Stock represents donated goods for sale in our charity shops. Stock is valued at its net realisable value and has been recognised as income in the financial statements.

Local associations

Local associations affiliated to Capability Scotland are autonomous bodies. Any income received from local associations is included in incoming resources from donations and gifts.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Costs to Raise Funds are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Governance costs are the costs associated with the governance arrangements of the Charity which relate to the general running of the Charity as opposed to those costs associated with fundraising or charitable activity.

Support costs, which include the Head Office functions such as general management, payroll administration, budgeting and accounting, information technology and human resources are allocated across the categories of charitable expenditure, governance costs and the costs of generating funds.

The basis of the cost allocation has been explained in note 3 to the accounts.

Irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

Redundancy and termination payments are recognised in the financial statements when there is a legal or constructive obligation and it is probable that a payment will be made.

Debtors

Trade and other debtors are recognised at the settlement amount due. Should any amounts become doubtful a suitable provision is made. Prepayments are valued at the amount prepaid net of any known deductions that are available.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their full settlement amount.

Leases

Assets acquired under finance leases or hire purchase contracts are capitalised and the outstanding future lease obligations net of finance charges held as a liability within creditors. The finance and operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

Fixed assets and depreciation

Material purchases of fixed assets, normally over £10,000, are capitalised. Smaller amounts may be capitalised at the discretion of the Main Board.

Fixed assets are included in the balance sheet at cost, or valuation in certain cases.

Certain of the group's properties are held under an operating finance lease to earn rental income. Investment properties are accounted for as follows:

- 1) Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- 2) Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Leasehold improvements –

Equal instalments up to the end of the period over which funding for the improvements will be received.

Other Buildings, including Long Leasehold properties, – 50 years

Improvements to buildings – equal instalments over the remaining life of the original asset.

Plant and machinery – 5 years

Furniture and fittings 5 – 20 years

Vans and minibuses – 6 years

Motor cars – 4 years

Buildings purchased or improved using unrestricted funds

In certain cases, where a building has been built or improved using unrestricted funds in hand at the time (i.e. there is no intention to recover the cost subsequently through its use) the Main Board creates a designated fund reflecting the book value of the asset, which is then reduced over the useful economic life of the asset in line with its depreciation.

Dilapidations

Where leases require the reinstatement of buildings in line with a surveyor's report, the cost of dilapidations are expended in the year incurred.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transactions value and subsequently measured at their settlement value.

Exceptional items

Items are treated as exceptional items where by virtue of their size or nature they need to be disclosed separately in order to give a true and fair view.

Defined benefit pension scheme

The charity operates a defined benefit pension scheme which is closed to new members and to future accrual. The assets for the scheme are held separately from those of the charity.

Pension scheme assets and liabilities are measured by a qualified actuary using the assumptions set out in note 14. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full on the balance sheet. The movement in the surplus/deficit is split between other income and actuarial gains/losses on the Statement of Financial Activities.

Employee benefits

The charity contributes to a group personal pension scheme on behalf of certain employees. The assets of this scheme are held separately from those of the charity. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period. Other short term employee benefits are recognised in the period as an expense in the period in which they relate.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

1. STAFF NUMBERS AND COSTS

a) The aggregate remuneration and associated costs of Capability Scotland's employees were:

	2017 £	2016 £
Wages and salaries	16,290,703	15,745,689
Redundancy payments	419,807	215,335
Social Security costs	1,236,354	1,108,770
Pensions costs - defined benefits	300,000	307,500
Pensions costs - defined contributions	476,003	504,489
Pensions Adjustment	(300,000)	(307,500)
Agency Fees	1,324,560	954,839
	19,747,427	18,529,122
Benefits in kind (as defined for personal taxation purposes)	2,126	4,515
	19,749,553	18,533,637

	2017 Number	2016 Number
The average number of employees of Capability Scotland during the year was	1,008	1,011

Included in the above costs are £419,807 of Redundancy Costs (2016 £215,335) payable to staff at termination of employment. While the organisation takes every step to avoid redundancy the nature of our funding makes such decisions necessary. Redundancy costs are recognised when known.

The remuneration and benefits paid to key management personnel totals £382,717 (2016 £456,817 restated). In addition pension contributions of £23,463 (2016 £27,721) were paid to a defined contributions pension scheme.

External Agencies are used to provide staff in Services where vacancies are not filled and, in some circumstances to cover for staff absences. The Charity contracts with a number of Agencies to ensure that staff are available to provide services to our clients.

Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands:

	2017	2016
£60,001 - £70,000	0	1
£70,001 - £80,000	2	3
£80,001 - £90,000	1	1
£100,001 - £110,000	1	1

b) Trustees' Remuneration and Related Parties

No Trustees received remuneration in the year. Expenses of £0 (2016 £132) were paid to Trustees in the year in respect of travel expenses. Trustee indemnity insurance is provided as part of the overall insurance policy for the organisation.

A Trustee is the Chairperson of the Glasgow Centre for Inclusive Living. In the year a £23,150 (2016 £23,000) grant was paid to the Centre as part of a Joint Project for the Scottish Government. Balance outstanding to be paid over at the year end £0 (2016 £11,500).

c) Defined Contributions Pension Scheme

The contributions payable to the defined contribution pension schemes at the year end was £46,943 (2016 £58,108).

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

2. NET INCOME

a) Net Income is stated after charging:

	2017	2016
	£	£
Auditor's remuneration - audit	27,825	25,250
- audit of Pension Scheme	3,155	3,065
- other	1,540	4,595
Depreciation of tangible fixed assets (note 6)	547,460	363,948
Rental charges under operating leases	704,889	815,566
Rental Income under operating leases	178,693	26,541
Hire purchase interest	16,671	8,085

The surplus is stated after charging:

Gain on sale of tangible fixed assets	907,039	1,342,457
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b) Income for Charitable Activities by funding source is made up as follows:

Local Authorities	17,484,732	17,059,304
Scottish Government	3,079,479	3,118,270
Employment Programmes	781,399	748,081
Benefits Agency	445,335	400,356
Health Boards	32,564	42,451
Department of Transport	45,914	40,216
Other	273,129	272,113
Total	22,142,552	21,680,791

Included in Scottish Government income above are grants as follows: Supporting children and young people with additional support needs £2,975,854 (2016 £2,974,575), assist employees in achieving required qualification criteria £0 (2016 £22,800) and carrying out research to assist in formulating government policy regarding disability matters £103,625 (2016 £120,895).

c) Income for Charitable Activities is made up as follows:

Schools	5,621,959	5,413,074
Other Children's Services	452,340	662,025
Adult Day Services	2,791,554	2,797,608
Adult Residential Services	8,007,196	7,854,086
Community Living Services	3,958,583	3,588,819
Employment Services	774,012	746,372
Other Services and Activities	536,908	618,807
	22,142,552	21,680,791

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

3. EXPENDITURE

	Direct activities £	Support costs £	2017 Total £	2016 Total £
a) Expenditure:				
Raising funds	251,984	11,300	263,284	345,554
Commercial Trading Operations	848,627	69,484	918,111	1,362,768
Charitable Activities				
Schools	4,967,690	370,940	5,338,630	5,349,708
Other Children's Services	1,113,137	79,402	1,192,539	842,398
Adult Day Services	3,458,362	205,957	3,664,319	3,254,191
Adult Residential Services	7,917,639	591,217	8,508,856	7,624,885
Community Living Services	3,917,780	292,543	4,210,323	4,220,143
Employment Services	747,420	33,136	780,556	682,728
Other Services	526,856	1,710	528,566	988,310
Campaigning, Policy, Information and Influencing	158,735	8,736	167,471	261,995
Pension Adjustment	(300,000)	0	(300,000)	(307,500)
Total Charitable activities	22,507,619	1,583,641	24,091,260	22,916,858
Total per the Statement of Financial Activities	23,608,230	1,664,425	25,272,655	24,625,180

b) Raising funds

The charity employs dedicated staff, supported by volunteers, to undertake fundraising activities to generate donations and legacies. Activities include arranging events or supporting events arranged by other bodies on behalf of the charity, submitting funding applications to trusts and corporate bodies and representing the organisation when meeting with such bodies and maintaining our database of committed givers.

Our fundraisers also manage our legacy initiatives, direct mailing campaigns and collection boxes.

c) Commercial Trading Activities

The charity began the year with 14 shops, reducing to 12 by the end of the year, located throughout Scotland, which generate income by selling donated goods. Our staff are supported by volunteers who ensure that our shops can operate throughout the year to generate income.

d) Support Costs

Support Costs of £1,664,425 (2016 £1,554,980) are included in the above. Included in Support Costs are head office functions including general management, finance, payroll administration, human resources and information technology. Support costs have been allocated to expenditure on raising funds and Campaigning, Policy, Information and Influencing on an estimated usage basis. Support Costs allocated to Operations is on the same basis as direct expenditure incurred in undertaking an activity.

Governance costs of £73,974 (2016 £78,648) have been included in Support Costs.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

4. INVESTMENT INCOME

Bank and other interest

2017	2016
£	£
23,426	22,061

5. DONATIONS AND LEGACIES

Donations Received

Legacies

2017	2016
£	£
638,379	704,914
338,062	409,308
976,441	1,114,222

6. FIXED ASSETS

a) Tangible Assets

Group and Capability Scotland

Cost or Valuation	Land & Buildings £	Improvements to Short Leaseholds £	Motor Vehicles £	Furniture, Fittings & Equipment £	Total £
At beginning of year	8,104,384	675,286	1,129,281	1,735,173	11,644,124
Additions	1,176,060	5,823	32,732	2,150,287	3,364,902
Disposals	(183,168)	0	(166,600)	(202,178)	(551,946)
At end of year	9,097,276	681,109	995,413	3,683,282	14,457,080
Depreciation					
At beginning of year	2,586,070	117,399	856,503	1,377,564	4,937,536
Provided for the year	173,628	58,450	118,731	196,651	547,460
On disposals	(64,721)	0	(160,722)	(202,178)	(427,621)
At end of year	2,694,977	175,849	814,512	1,372,037	5,057,375
Net book value					
At 31 March 2017	6,402,299	505,260	180,901	2,311,245	9,399,705
At 1 April 2016	5,518,314	557,887	272,778	357,609	6,706,588

The company has granted to the Trustees of the Capability Scotland Pension Scheme, as security, the Upper Springland site which is included in Land & Buildings above.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

6. FIXED ASSETS (continued)

The carrying amount of land & buildings comprises:

	2017	2016
	£	£
Investment property at fair value:		
Long leaseholds	775,000	0
Other properties at cost:		
Long leaseholds	393,448	0
Freeholds	<u>5,233,851</u>	<u>5,518,314</u>
	<u>6,402,299</u>	<u>5,518,314</u>

The investment property was purchased in the year and as such the purchase price is deemed to be the fair value.

b) Contingent Asset

In respect of a property that has been sold should certain performance targets met in the ten year period following the date of entry on the property, being 30 June 2016, further sums will be receivable.

c) Contingent Liability

In certain circumstances grants received for refurbishment works on School buildings may become repayable. The total of such grants is £277,916 (2016 £305,800).

d) Assets held under hire purchase contracts

The net book value of assets includes amounts of £361,388 (2016 £203,661) in respect of assets held under hire purchase contracts. The depreciation charge for the year on these assets was £92,027 (2016 £59,923).

e) Subsidiary Undertakings:

Percentage of Capital Held	Number of £1 Ordinary Shares
100%	100%

Capability Scotland Trading Limited

Capability Scotland Trading Limited, a company incorporated in Scotland, Company Number SCO38207, is a wholly owned subsidiary and sells bought goods, predominantly Christmas cards.

In the year Capability Scotland Trading Limited did not trade. This has been consolidated into the Group SOFA on a line by line basis. Funds of £1,845 (2016 £1,845) are included in the Group Balance Sheet and considered to be Restricted. The net assets of the subsidiary as at 31 March 2017 were £21,398 (2016 £21,398).

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

7. DEBTORS

	Group £	2017 Capability Scotland £	Group £	2016 Capability Scotland £
Fees and grants due	2,437,565	2,437,565	1,915,037	1,915,037
Other debtors	126,840	133,038	48,275	54,472
Prepayments and accrued income	631,997	631,997	538,700	538,700
Property sales	0	0	5,261,440	5,261,440
	3,196,402	3,202,600	7,763,452	7,769,649

8. STOCK

	Group £	2017 Capability Scotland £	Group £	2016 Capability Scotland £
Stock of donated goods for resale	73,978	73,978	91,209	91,209

9. LIABILITIES

a) Creditors: amounts falling due within one year

	Group £	2017 Capability Scotland £	Group £	2016 Capability Scotland £
Trade creditors	654,839	654,839	747,505	747,505
Social security costs and other taxes	309,992	309,992	274,797	274,797
Accruals and deferred income	418,339	418,339	1,463,932	1,463,932
Other creditors and provisions	1,112,598	1,112,598	2,016,269	2,016,269
	2,495,768	2,495,768	4,502,503	4,502,503
Current instalments due on hire purchase	116,117	116,117	62,527	62,527
	2,611,885	2,611,885	4,566,030	4,565,030

b) Deferred Income

	Group £	Charity £
Balance as at 1 April 2016	269,087	269,087
Amounts released to income earned from charitable activities	(145,894)	(145,894)
Amount deferred in year	0	0
Balance as at 31 March 2017	123,193	123,193

Deferred income relates to funding received where at the year end the performance related conditions attached to the funding had not yet been met and are considered outwith the charity's control.

10. LIABILITIES

Creditors: amounts falling due after one year

	2017 Group & Capability Scotland £	2016 Capability Scotland £
Hire purchase instalments	189,483	109,363

All amounts are due within five years.

Amounts due under hire purchase contracts are secured on certain assets.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

11. FUNDS

a) Group Statement of Funds

	Balance 31 Mar 2016 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and (Losses) £	Balance 31 Mar 2017 £
Restricted Funds	1,205,019	8,934,845	(8,899,735)	0	0	1,240,129
Unrestricted Funds						
Designated						
Capital Reserve	5,379,518	0	(268,661)	400,360	0	5,511,217
Other Funds	660,737	0	(174,021)	0	0	486,716
	<u>6,040,255</u>	<u>0</u>	<u>(442,682)</u>	<u>400,360</u>	<u>0</u>	<u>5,997,933</u>
 Ordinary	5,753,937	16,169,103	(16,230,238)	(400,360)	0	5,292,442
Pension Reserve	0	0	300,000	0	(300,000)	0
	<u>5,753,937</u>	<u>16,169,103</u>	<u>(15,930,238)</u>	<u>(400,360)</u>	<u>(300,000)</u>	<u>5,292,442</u>
 TOTAL UNRESTRICTED	<u>11,794,192</u>	<u>16,169,103</u>	<u>(16,372,920)</u>	<u>0</u>	<u>(300,000)</u>	<u>11,290,375</u>
 TOTAL FUNDS	<u>12,999,211</u>	<u>25,103,948</u>	<u>(25,272,655)</u>	<u>0</u>	<u>(300,000)</u>	<u>12,530,504</u>

b) Restricted Funds

Restricted funds as at 31 March 2017 comprise the following:

	2017		2016	
	Group £	Capability Scotland £	Group £	Capability Scotland £
Operating income earmarked for expenditure	767,025	767,025	901,081	901,081
Other restricted funds	473,104	471,259	303,938	302,093
	<u>1,240,129</u>	<u>1,238,284</u>	<u>1,205,019</u>	<u>1,203,174</u>

Operating income earmarked for expenditure represents income received for specific services and projects.

Other restricted funds are made up of 60 individual funds and represent income received from funders with a specific use identified.

c) Designated Funds

Designated funds comprise £5,511,217 of capital reserve which reflects the book value of certain buildings and is reduced over the life of the asset in line with its depreciation and £486,716 for future development.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

11. FUNDS (continued)

d) Analysis of Group Net Assets Between Funds

	Unrestricted	Restricted	Total
	£	£	
Fixed Assets	9,399,705	0	9,399,705
Current Assets	4,692,038	1,240,129	5,932,167
Current Liabilities	(2,611,885)	0	(2,611,885)
Long Term Liabilities	(189,483)	0	(189,483)
	<hr/>	<hr/>	<hr/>
	11,290,375	1,240,129	12,530,504
	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

12. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of net income to net cash flow from operating activities	2017 £	2016 £
Net income for the reporting period as per statement of financial activities	(168,707)	738,528
Adjustments for:		
Depreciation charges	547,460	363,948
Pension Fund adjustment	(300,000)	(307,500)
Dividends, interest and rents from investments	(202,119)	(48,602)
Hire purchase interest paid	16,671	8,085
(Profit) on the sale of fixed assets	(907,039)	(1,342,457)
Decrease / (Increase) in stocks	17,231	(91,209)
(Increase) / Decrease in debtors	(694,390)	416,874
(Decrease) / Increase in creditors	(2,006,734)	771,776
Net Cash provided by (used in) operating activities	(3,697,627)	509,443

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

13. CONTRACTED COMMITMENTS

Group & Capability Scotland

(a) Capital commitments

	2017 £	2016 £
Capital	49,200	1,175,000
	49,200	1,175,000

Being contractual commitments for the acquisition of tangible fixed assets.

(b) Operating lease commitments

	2017 £	2016 £
Total future minimum lease payments under non-cancellable operating leases are as follows:		
Within one year	594,738	625,513
In one and five years	586,013	970,262
In over five years	31,556	31,558
	1,212,307	1,627,333

(c) Operating lease - rental income

The group holds surplus office buildings as investment properties as disclosed in note 6 which are let to third parties. These non-cancellable leases have remaining terms of up to five years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2017 £	2016 £
Not later than one year	154,503	26,541
After one year but not more than five years	422,500	0
After five years	0	0
	577,003	26,541

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

14. PENSION SCHEMES

- a) Capability Scotland contributes on behalf of teaching staff to the Scottish Public Pensions Agency (SPPA), a multi-employer final salary scheme. Contributions during the year were £46,943 (2016 £53,108). The scheme is treated as a defined contribution scheme given that the charity is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting year.
- b) The charity operates a defined benefit plan in the UK. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 March 2015 and updated to 31 March 2017 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent full actuarial valuation showed a surplus of £951,000. The charity has agreed with the Trustees that it will pay additional contributions of £25,000 per month until 30 November 2023. The charity will separately meet all plan expenses and professional fees, including any levies due to the Pensions Regulator and the Pension Protection Fund.

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS
AND DEFINED BENEFIT ASSET (LIABILITY)**

	31 March 2017	31 March 2016	31 March 2015
	(£000s)	(£000s)	(£000s)
Fair value of plan assets	27,731	24,000	24,913
Present value of defined benefit obligation	23,586	21,043	23,454
Surplus (deficit) in plan	4,145	2,957	1,459
Unrecognised surplus	4,145	2,957	1,459
Defined benefit asset (liability) to be recognised	-	-	-
Deferred tax	-	-	-
Net defined benefit asset (liability) to be recognised	-	-	-

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED
BENEFIT OBLIGATION**

	Period ended 31 March 2017 (£000s)	Period ended 31 March 2016 (£000s)
Defined benefit obligation at start of period	21,043	23,454
Current service cost	-	-
Expenses	-	-
Interest expense	700	714
Contributions by plan participants	-	-
Actuarial losses (gains)	2,770	(2,248)
Benefits paid & expenses	(927)	(877)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit obligation at end of period	23,586	21,043

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2017 (£000s)	Period ended 31 March 2016 (£000s)
Fair value of plan assets at start of period	24,000	24,913
Interest income	826	764
Actuarial gains (losses)	2,332	(1,108)
Contributions by the charity	1,500	308
Contributions by plan participants	-	-
Benefits paid and expenses	(927)	(877)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Fair value of plan assets at end of period	27,731	24,000

The actuarial return on the plan assets over the period ended 31 March 2017 was £3,158,000

DEFINED BENEFIT COSTS RECOGNISED IN PROFIT OR LOSS

	Period ended 31 March 2017 (£000s)	Period ended 31 March 2016 (£000s)
Current service cost	-	-
Expenses	-	-
Net interest cost*	-	-
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in profit and loss account	-	-

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2017 (£000s)	Period ended 31 March 2016 (£000s)
Return on plan assets (excluding amounts included in net interest cost) - gain (loss)	2,332	(812)
Experience gains and losses arising on the plan liabilities - gain (loss)	73	1,178
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - gain (loss)	(2,843)	1,070
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	(1,062)	(1,744)
One off deficit contribution recognised in previous reporting period	1,200	-
Total amount recognised in other comprehensive income - gain (loss)	(300)	(308)

ASSETS

	31 March 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Overseas Equities	6,618	4,984	5,098
Corporate Bonds	8,204	7,265	7,291
Government Bonds	1,571	1,287	1,695
Diversified Growth Funds	8,789	8,053	8,582
Property	2,391	2,251	2,120
Cash	83	75	18
Insured Pensioners	75	85	109
Other1	-	-	-
Other2	-	-	-
Other3	-	-	-
Other4	-	24,296	24,913
Other5	-	-	-
Other6	-	-	-
Other7	-	-	-
Total assets	27,731	24,000	24,913

None of the fair values of the assets shown above include any direct investments in the charity's own financial instruments or any property occupied by, or other assets used by, the charity.

ASSUMPTIONS

	31 March 2017	31 March 2016	31 March 2015
	% per annum	% per annum	% per annum
Discount Rate	2.55	3.40	3.10
Inflation (RPI)	3.25	2.90	2.95
Inflation (CPI)	2.25	2.10	2.15
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less with a minimum of 3% p.a.	3.00	3.00	3.00
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.15	2.85	2.85
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.00	1.95	1.95
Allowance for commutation of pension for cash at retirement	100% of Post A Day	100% of Post A Day	100% of Post A Day

The mortality assumptions adopted at 31 March 2017 imply the following life expectancies:

	Life expectancy at age 60 (Years)
Male retiring in 2017	26.6
Female retiring in 2017	28.7
Male retiring in 2037	28.0
Female retiring in 2037	30.3

The best estimate of contributions to be paid by the charity to the plan for the period commencing 1 April 2017 is £300,000. All plan expenses, professional fees or levies due to the Pensions Regulator and the Pension Protection Fund, are to be met separately by the charity.

ANALYSIS TO THE SENSITIVITY TO THE PRINCIPAL ASSUMPTIONS OF THE VALUE OF THE SCHEME LIABILITIES

	Change in assumption	Approximate change in liabilities
Discount Rate	Increase/decrease of 0.5%	Decrease/increase by 7%
Rate of inflation	Increase/decrease of 0.5%	Increase/decrease by 4%
Rate of mortality	1 year life expectancy increase	Increase by 3%

Thank you for your help and support

We would like to thank all the individuals and organisations who donated to Capability Scotland in the last year and the many people who supported our fundraising by donating their time. We are unable to name all of them individually but their support is very much appreciated. It makes a real difference to the lives of the people supported by Capability Scotland's services.

We thank everyone who responded to our appeals, made a regular gift or took part in fundraising events. Thank you also to the companies and organisations who supported us through fundraising or by holding one of our collection boxes on their premises.

We would like to give special acknowledgement to all those who left a legacy to Capability Scotland or who donated to us in memory of a loved one.

With particular thanks to the following people and organisations:

Individuals

Mr Richard R Burns
Mr Paul Cogan
Mr Billy Cullen
Mr Chris Dryden
The Rt Hon. the Lord Hardie QC
Ms Ann James
Mr Bill Keil
Ms Elspeth M Kennedy
Ms Christina M Macaulay
Mr and Mrs McIntosh
Mr and Mrs Miller
Mr Ian S Murdoch
Ms Pauline Robertson
Mr and Mrs Telfer

Companies and Organisations

Carnwath Bowling Club
Elderslie Golf Club
Gryffe Valley Rotary Club
James Sherry (Funeral Directors) Ltd.
JDPS Plumbers Ltd.
Rotary Club of Dumfries, Devorgilla
Scottish Television PLC.
Standard Life
Thorntonhall Lawn Tennis Club
Virgin Media

Trusts

The Alchemy Foundation
A M Pilkington Charitable Trust
The Andrew & Mary Elizabeth Little Charitable Trust
The Asda Foundation
Bright Horizons
The Broughton Charitable Trust
The Brownlie Charitable Trust
The Callendar Charitable Trust
The Castansa Trust
Davis Rubens Charitable Trust
The Gamma Trust
Glebefoot Charitable Trust
Hayward Sanderson Trust
The Helen Reid Charitable Trust
The Hinshelwood Gibson Trust
The John Primrose Trust
The JTH Charitable Trust
The Lady Marian Gibson Trust
Lord Armitstead's Dundee Trust
The Lynn Foundation
The Martin Connell Charitable Trust
Miss E C Hendry Charitable Trust
Miss R E Duncan's Charitable Trust
Mrs A Clutterbuck's Charitable Trust
The Mrs Margaret H McInnes Trust
The Northwood Charitable Trust
PF Charitable Trust
Queensberry House Trust
The Robertson Trust
The Schuh Trust
Sir J D Pollock's 1936 Trust
The Souter Charitable Trust
Stichting Teuntje Anna (TA Fund)
Talteg Ltd
Templeton Goodwill Trust
The St Katharine's Fund
The W A Cargill Fund
The W M Mann Foundation
The Winifred Ann Kennedy Trust
William Gibson's Trust

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