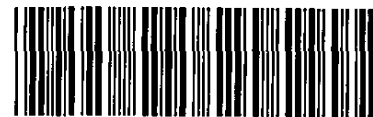


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Community Links Scotland
Report and Financial Statements
for the year ended 31 March 2014

Charity number: SC032934
Company number: SC0229753

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Community Links Scotland

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Community Links Scotland

Legal and Administrative Information

| | | |
|---|--|-----------------------|
| Charity name | Community Links Scotland | |
| Charity registration number | SC032934 | |
| Company registration number | SC0229753 | |
| Trustees | Ann McGowan Laurie MacKay Terry Smalls Sandra Loney Sephton MacQuire James Weir Meg Harrison | Resigned 29 July 2013 |
| Company secretary | Stephen Singer | |
| Senior management | Stephen Singer | |
| Principal office and Registered office | 63 Kilbowie Road Clydebank West Dunbartonshire G81 1BL | |
| Independent examiner | Mark Mulholland C.A. Alexander Sloan Chartered Accountants 38 Cadogan Street Glasgow G2 7HF | |
| Bankers | Bank of Scotland 42-44 Sylvania Way Clydebank Shopping Centre Clydebank G81 2TL | |
| Solicitors | Burness 242 West George Street Glasgow G2 4QY | |

Community Links Scotland
Trustees' Annual Report
for the year ended 31 March 2014

The Trustees present their report and the financial statements of the charity for the year ended 31 March 2014.

Trustees

The Directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year and since the year end are detailed on page 1.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is a company limited by guarantee, not having a share capital. It is governed by its Memorandum and Articles of Association.

Appointment of Trustees

Trustees are elected from client RSLs and relevant groups and individuals and nominated onto the Board.

Trustees' induction and training

The organisation continues to be managed by a participatory Management Board with new Board members inducted in line with the Trustees Induction and Training Policy.

Organisational structure

The Management Board make all policy decisions on a bi-monthly basis with staff implementing day to day actions. A staffing sub-committee is in place to deal with recruitment and serious staffing issues. Both Boards are serviced by the Director. The Treasurer meets with the finance officer on a weekly basis to authorise cheques and discuss financial issues relating to the charity.

Risk management

The Directors have assessed the major risks to which the Charity is exposed, in particular those relating to the operations and finances of the Charity and is satisfied that systems are in place to mitigate our exposure to major risks.

OBJECTIVES AND ACTIVITIES

The Company's objectives are to relieve poverty by promoting employment and education opportunities, to improve the environment and to promote social welfare.

The organisation uses a methodology of staff/tenant involvement which produces a Wider Role Strategy, Evaluation and Funding Plan which is the basis of the work that will be carried out on behalf of individual RSLs.

Community Links Scotland
Trustees' Annual Report
for the year ended 31 March 2014

ACHIEVEMENTS AND PERFORMANCE

2013/14 saw Community Links Scotland complete our 12th year of working for Registered Social Landlords and other not for profit community organisations who are too small or cannot afford to employ their own regeneration staff members. Throughout the year we worked with clients across Scotland including West Dunbartonshire, East Dunbartonshire, Argyll and Bute, Inverclyde, and Glasgow.

As in previous years, projects were extremely varied with staff working on an increased number of projects linked to welfare reform, universal credit and the bedroom tax, while still working on environmental upgrades with training and employability, funding for community centres and village halls, (both new build costs and ongoing running costs) and a variety of community consultations, business plans and options studies.

As ever, while no targets for fundraising are set by the organisation, reacting to the demands of clients had the result that many funding bids were written and prepared by CLS staff. Despite the very difficult environment for fundraising, CLS still managed to raise more than £5.7million for client projects, our highest amount in our 12 year history. This brings the total amount of client funding to over £25million.

Against this backdrop CLS continued to work without any grant funding and work across the year with the continued mixture of RSL clients, approaches by new community groups, competitive tenders both with CLS as lead and in partnership with others.

With support from the Board, staff continue to meet all expectations and more in what is a constantly changing funding environment.

FINANCIAL REVIEW

The charity had net outgoing resources of £106,184 for the year and has accumulated funds of £249,110 at the balance sheet date.

Principal funding sources

The principal funding sources were contributions from RSL's and voluntary community organisations together with grants.

Reserves policy

It is the policy of the Charity to maintain unrestricted funds at a level to provide sufficient funds to cover management, administration and support costs.

Community Links Scotland

Trustees' Annual Report for the year ended 31 March 2014

PLANS FOR FUTURE PERIODS

Given the uncertainty of future Scottish Government funding, Community Links Scotland continues to develop its consultancy arm as an alternative source of revenue, in the main working with small not-for-profit community groups and trusts across Scotland.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also Directors of Community Links Scotland for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

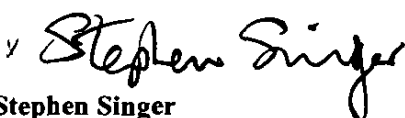
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees recommend that Mark Mulholland, ^{FC}C.A., a partner in Alexander Sloan, Chartered Accountants, remains in office as independent examiner until further notice.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the Trustees on 23 June 2014 and signed on their behalf by



Stephen Singer
Secretary

Community Links Scotland

Independent Examiner's Report to the Trustees on the Unaudited Financial Statements of Community Links Scotland.

I report on the financial statements of Community Links Scotland for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

Respective responsibilities of Trustees and examiner

The charity's Trustees (who are also directors of the company for the purpose of company law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 ("2005 Act") and the Charities Accounts (Scotland) Regulations 2006 ("2006 Accounts Regulations"). The charity's Trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the financial statements as required under Section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of Independent Examiner's report

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

Independent Examiner's statement

In the course of my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in any material respect the requirements:

to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act, Regulation 4 of the 2006 Accounts Regulations; and

to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Mark Mulholland *FCIA*
Partner

Alexander Sloan
Chartered Accountants

23 June 2014

38 Cadogan Street
Glasgow
G2 7HF

Community Links Scotland
Statement of Financial Activities
(incorporating Income and Expenditure Account)
for the year ended 31 March 2014

| | Notes | Unrestricted funds £ | Restricted funds £ | 2014 Total £ | 2013 Total £ |
|--|-------|----------------------------|--------------------------|--------------------|--------------------|
| Incoming resources | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | 2 | 112,441 | 71,931 | 184,372 | 205,690 |
| Incoming resources from charitable activities | | | | | |
| | 3 | 190,726 | - | 190,726 | 135,087 |
| Other incoming resources | | | | | |
| | 4 | 9,399 | - | 9,399 | 3,444 |
| Total incoming resources | | <u>312,566</u> | <u>71,931</u> | <u>384,497</u> | <u>344,221</u> |
| Resources expended | | | | | |
| Costs of generating funds | | | | | |
| Costs of generating voluntary income | 5 | - | - | - | (3,568) |
| Charitable activities | | | | | |
| | 6 | (417,176) | (70,392) | (487,568) | (592,652) |
| Governance costs | | | | | |
| | 7 | (3,113) | - | (3,113) | (3,580) |
| Total resources expended | | <u>(420,289)</u> | <u>(70,392)</u> | <u>(490,681)</u> | <u>(599,800)</u> |
| Net resources expended before transfers | | | | | |
| | | (107,723) | 1,539 | (106,184) | (255,579) |
| Gross transfers between funds | | 4,489 | (4,489) | - | - |
| Net movement in funds | | <u>(103,234)</u> | <u>(2,950)</u> | <u>(106,184)</u> | <u>(255,579)</u> |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 326,900 | 28,394 | 355,294 | 610,873 |
| Total funds carried forward | | <u>223,666</u> | <u>25,444</u> | <u>249,110</u> | <u>355,294</u> |

The notes on pages 9 to 22 form an integral part of these financial statements.

Community Links Scotland

Balance Sheet as at 31 March 2014

| | | 2014 | | 2013 | |
|---|-------|----------------|----------------|----------------|----------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 11 | | - | | 18,720 |
| Investments | 12 | | 100 | | 100 |
| | | | <u>100</u> | | <u>18,820</u> |
| Current assets | | | | | |
| Debtors | 13 | 70,754 | | 39,152 | |
| Cash at bank and in hand | | 202,609 | | 313,457 | |
| | | <u>273,363</u> | | <u>352,609</u> | |
| Creditors: amounts falling due within one year | 14 | (24,353) | | (16,135) | |
| Net current assets | | | 249,010 | | 336,474 |
| Net assets | | | <u>249,110</u> | | <u>355,294</u> |
| Funds | | | | | |
| Unrestricted funds | | | | | |
| General funds | 16 | | 223,666 | | 326,900 |
| Restricted funds | 17 | | 25,444 | | 28,394 |
| | | | <u>249,110</u> | | <u>355,294</u> |

The Trustees' statements required by Sections 475 (2) and (3) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 9 to 22 form an integral part of these financial statements.

Community Links Scotland

Balance Sheet (continued)

**Trustees' statements required by Sections 475 (2) and (3)
for the year ended 31 March 2014**

In approving these financial statements as Trustees of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 477 of the Companies Act 2006 ;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 476 requesting that an audit be conducted for the year ended 31 March 2014 and

(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 386, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including the income and expenditure, for the year then ended in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board on 23 June 2014 and signed on its behalf by

2

Sandra Loney
Trustee



2

Laurie MacKay
Trustee



Registered number: SC0229753

The notes on pages 9 to 22 form an integral part of these financial statements.

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

1.2. Incoming resources

Voluntary income including donations and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies that the grant or donation must only be used in future accounting periods, or when the donor has imposed conditions which must be met before the charity has unconditional entitlement.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

1.3. Resources expended

Expenditure is recognised on an accruals basis when a liability is incurred.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

| | |
|-------------------------------------|---------------------|
| Fixtures, fittings and equipment | - 20% straight line |
| Motor vehicles | - 25% straight line |

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

1.5. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Investments

Investments quoted on a recognised stock exchange are valued at market value at the year end. Any gain or loss resulting from revaluing investments to market value is taken to the Statement of Financial Activities.

1.7. Pensions

The Charity participates in the Scottish Housing Associations' Defined Benefits Pension Scheme. Retirement benefits to employees of the Charity are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating employers taken as a whole.

1.8. Group accounts

The company is entitled to the exemption under Section 398 of the Companies Act 2006 from the obligation to prepare group accounts.

2. Voluntary income

| | 2014 | 2013 |
|----------------------|----------------|----------------|
| | £ | £ |
| Streetlinks | 23,110 | 57,784 |
| Traininglink Income | 53,365 | 29,601 |
| Housing Associations | 107,897 | 118,305 |
| | <u>184,372</u> | <u>205,690</u> |

3. Incoming resources from charitable activities

| | 2014 | 2013 |
|--------------------|----------------|----------------|
| | £ | £ |
| Consultancy income | 190,726 | 135,087 |
| | <u>190,726</u> | <u>135,087</u> |

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

4. Other incoming resources

| | 2014 | 2013 |
|---------------------|--------------|--------------|
| | £ | £ |
| Groundlinks project | 1,221 | - |
| Other income | 5,926 | - |
| Soccerena project | 2,252 | 3,444 |
| | <u>9,399</u> | <u>3,444</u> |

5. Costs of generating voluntary income

| | 2014 | 2013 |
|-----------|----------|--------------|
| | £ | £ |
| Publicity | - | 745 |
| Bad debts | - | 2,823 |
| | <u>-</u> | <u>3,568</u> |

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

6. Costs of charitable activities

| | 2014 £ | 2013 £ |
|----------------------------------|----------------|----------------|
| Wages and salaries | 278,650 | 282,707 |
| Employer's NI contributions | 30,629 | 29,409 |
| Staff pension costs | 51,379 | 45,148 |
| Streetlinks project | 18,834 | 101,280 |
| Groundlinks project | 1,132 | 1,382 |
| Soccerena project | 1,378 | 1,715 |
| HNC expenditure | - | 9,545 |
| Traininglinks expenditure | 50,305 | 39,997 |
| Rent and rates | 21,601 | 23,261 |
| Insurance | 10,949 | 10,428 |
| Printing, postage and stationery | 662 | 1,133 |
| Telephone | 1,922 | 2,022 |
| Consultancy | 7,523 | 8,720 |
| Conferences and seminars | 499 | 405 |
| Irrecoverable VAT | 1,172 | 450 |
| General expenses | 4,779 | 5,340 |
| Repairs and maintenance | 2,659 | 3,373 |
| Affiliations | 3,436 | 3,396 |
| Travelling and subsistence | 2,586 | 3,349 |
| Professional fees | - | 1,598 |
| Depreciation on equipment | - | 8,449 |
| Depreciation on motor vehicles | - | 9,545 |
| Gain on disposal of fixed assets | (2,527) | - |
| | <u>487,568</u> | <u>592,652</u> |

7. Governance costs

| | 2014 £ | 2013 £ |
|-------------------------|--------------|--------------|
| Committee Expenses | 373 | 545 |
| Independent Examination | 2,350 | - |
| Audit | 390 | 3,035 |
| | <u>3,113</u> | <u>3,580</u> |

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

8. Net resources expended for the year

| | 2014 £ | 2013 £ |
|--|--------------|-----------|
| Net resources expended is stated after charging: | | |
| Depreciation and other amounts written off tangible assets | - | 17,994 |
| Auditors remuneration | 390 | 3,035 |
| Independent Examiner's remuneration | <u>2,350</u> | <u>-</u> |

9. Employees

Number of employees

The average monthly numbers of employees during the year were:

| | 2014 Number | 2013 Number |
|--|----------------|----------------|
| | <u>13</u> | <u>11</u> |

Employment costs

| | 2014 £ | 2013 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 279,023 | 283,252 |
| Social security costs | 30,629 | 29,409 |
| Other pension costs | <u>51,379</u> | <u>45,148</u> |
| | <u>361,031</u> | <u>357,809</u> |

There were no employees who received remuneration of over £60,000 in the period.

10. Trustees' emoluments

No Trustees, nor any person connected to them, received any remuneration during the year. The Trustees received a total of £545 in respect of travelling expenses.

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

| 11. Tangible fixed assets | Fixtures, fittings and equipment £ | Motor vehicles £ |
|---------------------------|---|------------------------|
| Cost | | |
| At 1 April 2013 | 42,243 | 38,178 |
| Disposals | (42,243) | (38,178) |
| At 31 March 2014 | - | - |
| Depreciation | | |
| At 1 April 2013 | 29,296 | 32,405 |
| On disposals | (29,296) | (32,405) |
| At 31 March 2014 | - | - |
| Net book values | | |
| At 31 March 2013 | 12,947 | 5,773 |

| 12. Fixed asset investments | Subsidiary undertakings shares £ | Total £ |
|-----------------------------|---|------------|
| Cost | | |
| At 1 April 2013 | | |
| At 31 March 2014 | 100 | 100 |
| Net book values | | |
| At 31 March 2014 | 100 | 100 |
| At 31 March 2013 | 100 | 100 |

12.1. Analysis of investments

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Market value at year end | | |
| Investments in subsidiary or connected undertakings and companies | 100 | 100 |
| Total | - | 100 |

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

12.2. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

| Company | Country of registration or incorporation | Nature of business | Shares held class | Proportion of shares held |
|-------------------------------|--|-----------------------|----------------------|---------------------------------|
| Subsidiary undertaking | | | | |
| GroundLinks Limited | United Kingdom | Dormant | Ordinary | 100% |

13. Debtors

| | 2014 £ | 2013 £ |
|---------------|-----------|-----------|
| Trade debtors | 70,754 | 39,152 |

14. Creditors: amounts falling due within one year

| | 2014 £ | 2013 £ |
|---------------------------------------|-----------|-----------|
| Trade creditors | - | 224 |
| Other taxes and social security costs | 21,903 | 12,961 |
| Other creditors | 100 | 100 |
| Accruals and deferred income | 2,350 | 2,850 |
| | 24,353 | 16,135 |

15. Analysis of net assets between funds

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|---|----------------------------|--------------------------|---------------------|
| Fund balances at 31 March 2014 as represented by: | | | |
| Investment assets | 100 | - | 100 |
| Current assets | 247,919 | 25,444 | 273,363 |
| Current liabilities | (24,353) | - | (24,353) |
| | 223,666 | 25,444 | 249,110 |

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

| 16. Unrestricted General Funds | 1 Apr '13 £ | Incoming £ | Outgoing £ | Transfers £ | 31 Mar '14 £ |
|--------------------------------|----------------|----------------|------------------|----------------|-----------------|
| General Fund | 228,587 | 302,960 | (390,387) | 4,489 | 145,649 |
| Redundancy Fund | 79,592 | 9,606 | (11,181) | - | 78,017 |
| Designated Fixed Asset Fund | 18,721 | - | (18,721) | - | - |
| | <u>326,900</u> | <u>312,566</u> | <u>(420,289)</u> | <u>4,489</u> | <u>223,666</u> |

Purposes of General Funds

General Fund

The General fund represents the free reserves of the charity which the Trustees are free to use in accordance with the charitable objectives of the charity.

Redundancy Fund

This fund represents the potential liability for redundancies should the charity cease its operations.

Designated Fixed Asset Fund

This fund represents money that was given to the charity to purchase a mobile football pitch, portable climbing wall and a motor vehicle.

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

| 17. Restricted funds | 1 Apr '13 £ | Incoming £ | Outgoing £ | Transfers £ | 31 Mar '14 £ |
|-----------------------------|----------------|---------------|-----------------|----------------|-----------------|
| Streetlinks Project | 7,012 | 18,566 | (18,834) | - | 6,744 |
| Streetlinks Redundancy Fund | 3,585 | - | - | 1,253 | 4,838 |
| Leap Training Fund | 3,052 | - | - | - | 3,052 |
| SVQ Fund | 11,199 | - | - | (8,217) | 2,982 |
| Volunteers with Drive | 7,241 | - | - | - | 7,241 |
| Volunteers in Progress | (3,695) | 53,365 | (51,558) | 2,475 | 587 |
| | <u>28,394</u> | <u>71,931</u> | <u>(70,392)</u> | <u>(4,489)</u> | <u>25,444</u> |

Purposes of restricted funds

Streetlinks Project

The Streetlinks project aims to address the needs of young people who are not currently accessing services available to them or are in need of support.

Streetlinks Redundancy Fund

This fund represents the potential liability for redundancies should the project cease its operations.

Leap Training Fund

This fund represents monies to be used to cover the costs of Leap Training.

SVQ Fund

This fund represents monies to be used to cover the costs of SVQ Training.

Volunteers with Drive

This fund represents monies to be used to cover the costs of the Volunteers with Drive project.

Volunteers in Progress

This fund represents monies to be used to cover the staffing cost of the Volunteers in Progress programme.

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

18. Financial commitments

At 31 March 2014 the charity had annual commitments under non-cancellable operating leases as follows:

| | 2014 £ | 2013 £ |
|----------------------------|---------------|---------------|
| Expiry date: | | |
| Within one year | 21,600 | 21,600 |
| Between one and five years | 1,278 | 1,278 |
| | <u>22,878</u> | <u>22,878</u> |

19. Going concern

Due to loss of funding from the Scottish Government and Housing Association in March 2012, the loss has carried forward into this year. However due to the new project for Training links there has been more funding this year causing the loss to be reduced. There is still uncertainty in the future of the business but with substantial reserves and a healthy bank balance they may be sufficient to carry out their activities for the next 12 months.

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

20. Retirement benefit obligations

General

Community Links Scotland participates in the Scottish Housing Associations' Pension Scheme (SHAPS)(the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

From 1st April 2011 Community Links Scotland elected to offer a career average revalued earnings with a 1/120th accrual rate both for existing employees and any new members.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Community Links Scotland paid contributions at the rate of 4.7% of pensionable salaries. Member contributions were 4.7%.

As at the balance sheet date there were 6 active members of the Scheme employed by Community Links Scotland. The annual pensionable payroll in respect of these members was £278,650. Community Links Scotland continues to offer membership of the Scheme to its employees.

Community Links Scotland

Notes to the Financial Statements for the year ended 31 March 2014

20. Retirement benefit obligations (Contd.)

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2012 were as follows:

- Investment return pre retirement (5.3% p.a.)
- Investment return post retirement- non pensioners (3.4% p.a.)
- Investment return post retirement- pensioners (3.4% p.a.)
- Rate of salary increases (4.1% p.a.)
- Rate of pension increases
 - pension accrued pre 6 April 2005 (2.0% p.a.)
 - pension accrued from 6 April 2005 (1.7% p.a.)
- Rate of price inflation (2.6% p.a.)

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Notes to the Financial Statements for the year ended 31 March 2014

20. Retirement benefit obligations (Contd.)

Valuation results (Contd.)

The long term joint contribution rates required from employers and members to meet the cost of future benefit accrual was assessed as:

| <u>Benefit</u> | <u>Long-term joint contribution rate</u> <u>(% of pensionable salaries)</u> |
|-----------------------|--|
| Final salary 60ths | 24.6 |
| Career average 60ths | 22.4 |
| Career average 70ths | 19.2 |
| Career average 80ths | 16.9 |
| Career average 120ths | 11.4 |

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Additional deficit contributions are payable from 1 April 2014 and will increasing by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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Notes to the Financial Statements for the year ended 31 March 2014

20. Retirement benefit obligations (Contd.)

Valuation results (Contd.)

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.