

HOME-START ABERDEEN
A company limited by guarantee No SC280851

TRUSTEES' ANNUAL REPORT
and
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

**HOME-START ABERDEEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

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**HOME-START ABERDEEN
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2017.

Reference and administrative information

Charity name: Home-Start Aberdeen
Charity registration number: SC012942
Company registration number: SC280851
Registered office /operational address: 1A Alford Place, Aberdeen AB10 1YD
Website: www.homestartaberdeen.org.uk

Trustees (from 1 April 2016)

Chair Roberta Eunson - resigned 24 August 2017
Vice Chair Harry Yorston
Vice Chair Yvonne Wright
Other trustees Ally Cartwright
Penny Letts
Anne MacDonald - appointed chair 24 August 2017
Annie Slevin – appointed 25 May 2016
Peter Stephen

Management team

Georgette Cobban Scheme Manager
Nicki King Administrator
Nicola Murphy Finance Assistant

Catherine Beattie Team Leader
Fiona Cameron Co-ordinator
Vicky Carter Co-ordinator
Lyn Elrick Co-ordinator
Lesley Lewis Co-ordinator
Billie Reynolds Family Support Worker
Angela Davidson Play Leader
Pauline Wells Play Worker – appointed 24 March 2017

Karen Milne Shop Manager
Brenda Fraser Shop Assistant

Accountants and Independent Examiners

Hall Morrice, Chartered Accountants, 7 Queens Terrace, Aberdeen AB10 1XL

Bankers

Clydesdale Bank plc, 2 Greenfern Place, Aberdeen AB16 5JR

Public Relations and Communications Advisor

Clare Scott

HOME-START ABERDEEN TRUSTEES' ANNUAL REPORT (CONTINUED)

Objectives and activities

Home-Start Aberdeen is a voluntary organisation in which volunteers visit young families under stress and offer regular support, friendship and practical help, emphasising the pleasures of family life and helping to prevent family crisis and breakdown. Home-Start provides a breathing space for parents and also support for many professional workers who refer to the scheme families in need with at least one child under school age.

As well as its main objective of home visiting, the charity also runs regular family support groups and other short term groups when needs are identified.

Achievements and performance

During the year our volunteers supported 229 (2016 - 180) families in which there were 360 children (2016 - 297). There is continuing demand for our services and increasing pressure on our waiting list. The main source of our referrals continues to be from health professionals 65% (2016 - 63%) although there are also self-referrals and referrals from community groups including social work which made up 14% and 21% of the 2016/17 total respectively.

We are also involved in a number of projects with partners. These include:

- Recipe for Life (with NHS Grampian) - provides support for families teaching practical cooking skills, budgeting and shopping advice, providing oral health information and generally promoting healthy lifestyles
- Debt Support Project (with Aberdeen City Council) - two debt support workers were recruited to provide advice for families in relation to welfare reforms, debt management and improved money management
- Baby Massage (with NHS Grampian) – offered funds to enable our family support worker to train and qualify in Baby Massage
- Rising Starts family group – targets quality parent/child interaction through play.

Financial review

The overall deficit for the year was £79,622 (Restated 2016 – surplus of £37,105) and is made up of deficit on unrestricted funds of £24,590 and a deficit on restricted funds of £55,032. At 31 March 2017, the charity's funds totalled £153,076 of which £105,377 was restricted funding held for specific projects leaving £47,699 available for use at the discretion of the trustees. There has been a reduction in the level of funds held at 31 March due to the implementation for the first time of pension accounting in accordance with FRS102. Note 15 sets out a range of associated disclosures.

Principal funding sources

The principal funding sources are as follows:

- Grant income from Social Care and Wellbeing Services at Aberdeen City Council, credited to the Mainline account as an unrestricted fund.
- Grant from Big Lottery Fund, credited to a separate restricted fund.
- Grant from the Fairer Aberdeen Fund managed by Aberdeen City Council to meet the direct costs of certain family support services, credited to a separate restricted fund.
- Grant from NHS Grampian Health Development, credited to a separate restricted fund.

**HOME-START ABERDEEN
TRUSTEES' ANNUAL REPORT (CONTINUED)**

- Grant from NHS Grampian Health Improvement Fund, credited to a separate restricted fund.
- Grants from Early Years' Change Fund, credited to a separate restricted fund.
- Proceeds of £54,077 from our fundraising events. This included £41,985 from the BP Coast to Coast Cycle. Fundraising for this event and the subsequent allocation of cash was managed by Charity Aid Foundation. Our allocation is credited as fundraising income within unrestricted funds.

Policy on reserves

For the first time, the accounts include our pension deficit which amounted to £201,000 (2016 £125,000) at 31 March 2017 based on an actuarial valuation. This liability will crystallise when we no longer have any employees contributing to the North East Scotland Pension Fund. We closed this scheme to new entrants in 2011 and consequently, we make higher employer contributions to the fund in respect of the two staff who are members of the scheme. In the short term, we continue to meet our obligations to the fund through our employer contributions. Longer term, we recognise that there will be a large debt to pay to meet our commitments in respect of future pension payments for the staff concerned. In planning for this, the Board has earmarked £47,000 within reserves at 31 March 2017. While the Board's current priority is to secure replacement funding streams, it is also committed to reducing the pension deficit when funds permit.

At 31 March 2017, the accounts include a designated fund with a negative (debit) balance of £154,000. This represents the substantial shortfall in the benefits earned by past and current employees (£201,000 Dr) and the resources set aside to meet them (£47,000). This fund will continue to be regularly reviewed by the Board and decisions about the use of designated funds are entirely at the trustees' discretion.

Excluding the designated reserve, the reserves policy approved by the trustees set an objective to hold a reserve fund of at least £100,000. The rationale is that, given the uncertainties about future funding, the reserve fund should be sufficient to finance about 6 months of our ongoing expenditure (the total expenditure in 2016/17 amounted to £376,088). We finally achieved our target to hold a reserve fund balance of £100,000 and in August 2017, the Board agreed that the target for reserves going forward should be £150,000.

Plans for future periods

In line with our Strategic Plan 2014-17, we had the following 3 strategic aims:

- support more families, volunteers and staff, build more confidence
- build awareness of the service
- manage and fund a growing organisation.

Meeting the requirements of our principal funders continues to be an ongoing critical priority for us. Key priorities taken forward during the year included:

- developing a strategy to service all families within one month of referral
- ensuring that staff are properly recognised and rewarded including the implementation of individual development plans
- recognising the difficult financial climate at the moment, ensuring the charity has a future funding strategy in place.

With increased pressure on government funding, there will be less grant income available while the demand for services will probably continue to increase. We have already seen a shift to more formal procurement processes as a means of sourcing funding and with an expectation for third sector organisations to work together in the delivery of services. We worked in partnership with a number of local charities led by Barnardo's to tender for a children's services contract from Aberdeen City Council. Our consortium, known as RAFT, was successful in gaining work through this bid and the new arrangements became effective from September 2017.

HOME-START ABERDEEN TRUSTEES' ANNUAL REPORT (CONTINUED)

The board meets every six months to review and monitor strategic objectives and in April 2017, it launched a new Strategic Plan for the period 2017 – 2020 which set out the following priorities:

- build capacity and resilience by strengthening leadership and involving stakeholders in service design and delivery
- develop a community engagement strategy and put performance management arrangements in place so that we can measure and demonstrate our impact
- manage and fund a growing organisation including a greater focus on learning and development opportunities for staff and trustees and working in partnership to improve the life experiences of families in our community.

Structure, governance and management

Governing document

Home-Start Aberdeen is a company limited by guarantee, governed by its memorandum and articles of association. The Inland Revenue has granted charitable status to the company under section 505 of the Income and Corporation Taxes Act 1988.

Organisational structure

The Board of Trustees is responsible for the direction and performance of the charity. It meets on a quarterly basis for normal business and on a six monthly basis for strategic planning purposes. The Board has four standing committees which also meet quarterly and this provides more capacity for the charity to conduct its business. The committees, namely finance, developing social enterprise opportunities, fundraising and property management, each have approved terms of reference and the chairs provide regular feedback to the Board. The Board is currently undertaking a review of its effectiveness which will include consideration of how well its committees are delivering against remits and objectives.

Our Scheme Manager is responsible for the daily running of the scheme and is directly accountable to the Board of Trustees. In terms of operational activity, the Scheme Manager is supported by a team leader in managing and supervising staff and volunteers. At 31 March 2017, the total the number of permanent team members including shop activities was 13 (2016: 13).

Recruitment and appointment of trustees

The directors of the company are trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. Under the company's Articles trustees are elected to serve for a period of three years with one third of the trustees retiring at each annual general meeting.

New trustees are largely recommended through local community professional networks and contacts. They are chosen for their experience and skills relevant to Home-Start Aberdeen. In recent years, we have welcomed new trustees from the business community and more recently, from the human resources profession. This has been extremely successful in strengthening networks and creating more opportunities for access to funding. The Board feels the time is right to re-focus on service delivery and is therefore delighted to have recently secured future trustees with social work and health visiting experience. This will ensure that our practices remain robust especially when supporting vulnerable families.

Trustee induction and training

All trustees receive an induction pack and are offered support from a staff member or other trustee to take them through the various guidelines.

Home-Start UK offer Induction Training and provide other training events from time to time. It is a requirement that all trustees attend Home-start's Child Protection training event to learn about policies and guidelines in this area. Board members aim to support these events where possible.

**HOME-START ABERDEEN
TRUSTEES' ANNUAL REPORT (CONTINUED)**

Risk management

The Board has an established process of meeting on a six monthly basis for strategic planning purposes to review and revise the organisation's key priorities, aims and aspirations and alongside this, to update the risk register. The charity now publishes an annual public performance report which sets out progress against strategic goals and a summary service analysis.

Regular training and procedures are in place to ensure that Home-Start staff and volunteers involved in home visiting work safely and in line with the guidelines issued by the Suzy Lamplugh Trust.

Home-Start UK has an established quality assurance process. Internally, we have a programme to ensure that standards are reviewed on a cyclical basis over a 3 year period. A full review of the scheme was undertaken by Home-Start UK in summer 2015 when we achieved a score of 96%. The actions identified from the review were promptly completed and the process was formerly signed off with the assessor at the six month follow up review in January 2016.

While arrangements are in place to ensure that the scheme meets the requirements of the Data Protection Act, the Board is currently reviewing operating practices to ensure the scheme is prepared for the new regulations which apply from May 2018.

Sourcing and maintaining funding to secure existing posts continues to be a priority which is kept under review by the Board. During 2016/17 and 2017/18, several significant funding streams have or are coming to an end and so the board is actively seeking replacement funding.

Related parties

The main related party relevant to the aims of the charity is Home-Start UK, which provides various support and advisory services in return for payment of an affiliation fee.

Statement of trustees' responsibilities

The Trustees, who are also directors of Home-Start Aberdeen for the purposes of company law, are responsible for preparing the Trustees' Annual 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 the 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 2015;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the 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 (as amended). 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.

**HOME-START ABERDEEN
TRUSTEES' ANNUAL REPORT (CONTINUED)**

Basis of Preparation

This report has been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard and the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the Board of Trustees on 5 December 2017 and signed on their behalf:



**Harry Yorston
Vice Chair**

**HOME-START ABERDEEN
REPORTING ACCOUNTANTS REPORT
TO THE MEMBERS OF HOME-START ABERDEEN**

I report on the accounts of the charity for the year ended 31 March 2017 which are set out on the following pages.

Respective responsibilities of directors and examiner

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

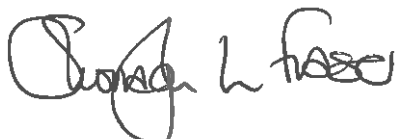
Basis of independent examiner's report

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 accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, 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 accounts.

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 and Regulation 4 of the 2006 Accounts Regulations; and
 - to prepare accounts 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 accounts to be reached.



Shonagh L Fraser MA CA
On behalf of Hall Morrice LLP
Chartered Accountants
Aberdeen, 5 December 2017

**HOME-START ABERDEEN
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted funds 2017 £	Restricted funds 2017 £	TOTAL 2017 £	Restated TOTAL 2016 £
Income					
Donations	3	24,237	-	24,237	25,851
<i>Income from Charitable activities</i>					
Grant income	4	63,155	147,984	211,139	274,054
Fundraising		54,077	-	54,077	23,785
Trading activities	9	60,657	-	60,657	60,694
Investment income (interest from deposits)		458	-	458	355
Other		17,898	-	17,898	11,145
Total Income		220,482	147,984	368,466	395,884
Expenditure					
Costs of raising funds	5	67,414	-	67,414	67,615
Charitable activities	6	97,429	207,245	304,674	301,164
Interest cost in relation to pension liability		3,000	-	3,000	4,000
Pension service costs		1,000	-	1,000	5,000
Total Expenditure		168,843	207,245	376,088	377,779
Net income/(expenditure)		51,639	(59,261)	(7,622)	18,105
Actuarial (loss)/gain on defined benefit scheme		(72,000)	-	(72,000)	19,000
Net movement in funds after actuarial (loss)/gain on pension scheme		(20,361)	(59,261)	(79,622)	37,105
Transfers between funds		(4,229)	4,229	-	-
Net Movement		(24,590)	(55,032)	(79,622)	37,105
Reconciliation of funds					
Total funds brought forward	16	72,289	160,409	232,698	195,593
Total funds carried forward		47,699	105,377	153,076	232,698

**HOME-START ABERDEEN
BALANCE SHEET**

AT 31 MARCH 2017

		2017 £	Restated 2016 £
Fixed Assets			
Tangible Assets - Equipment	12	4,876	6,170
		<u>4,876</u>	<u>6,170</u>
Current assets			
Debtors	13	89,177	72,131
Investments		62,563	62,105
Cash at bank		221,346	243,271
		<u>373,086</u>	<u>377,507</u>
Liabilities:			
Creditors: amounts due within one year	14	(23,886)	(25,979)
Net current assets		<u>349,200</u>	<u>351,528</u>
Net Assets excluding pension liability		<u>354,076</u>	<u>357,698</u>
Defined benefit pension scheme liability	15	(201,000)	(125,000)
Total Net Assets		<u>153,076</u>	<u>232,698</u>
The funds of the charity:			
Restricted income funds	16	105,377	160,409
Unrestricted funds	16	47,699	72,289
Total charity funds		<u>153,076</u>	<u>232,698</u>

The directors confirm that the company was entitled to exemption from the requirement to have an audit under the provisions of section 477(1) of the Companies Act 2006 and that the members have not required the company to obtain an audit for the year in accordance with section 476(1) of that Act. The directors acknowledge their responsibility to ensure that the company keeps accounting records in accordance with section 386 and to prepare accounts 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 deficit for that financial year in accordance with section 394 and which otherwise comply with the Companies Act 2006 as far as applicable to the company.

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

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (effective January 2015).

The financial statements on pages 9 to 21 were approved by the Board of Trustees on 5 December 2017 and were signed on its behalf on that date by:



Anne MacDonald
Treasurer

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2017**

1 Company status

The company is a private company limited by guarantee and not having a share capital. The extent of the liability of the members of the company, in accordance with the memorandum of association, is limited to a maximum of one pound each; the number of members at 31 March 2017 was 5. The company is also a registered charity and accordingly no liability to corporation tax arises on its income.

2 Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Charity constitutes a public benefit entity as defined by FRS 102.

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

The accounts are prepared on the going concern basis which provides that the charity will continue in operational existence for the foreseeable future.

(b) Changes in Accounting Policies

Changes in accounting policies are only made when required by proper accounting practices or the changes provides more reliable or relevant information. When a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied. A prior year adjustment has been made to reflect the implementation of pension accounting in accordance with FRS 102. The impact of the changes is shown in Note 15. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income for the year is provided.

	01/04/15	31/03/16
	£	£
Reconciliation of funds and balances		
Fund balances as previously stated	330,593	360,698
Pension fund deficit	(135,000)	(125,000)
Increase in accruals for pension costs	-	(3,000)
	<u>195,593</u>	<u>232,698</u>

Reconciliation of reported net income

Net income as previously stated	30,105
Pension Actuarial costs	(3,000)
Interest costs in relation to pension liabilities	(4,000)
Pension service costs	(5,000)
Actuarial (loss)/gain on defined benefit scheme	19,000
	<u>37,105</u>

(c) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the purpose of the charity. Designated funds are unrestricted funds earmarked by the trustees for particular purposes. Restricted funds are subjected to restrictions on their use where the provider of the funds has specified use for specific projects being undertaken by the charity.

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2017**

(d) Income

Grants for restricted purposes are accounted for on an accruals basis and are held separately in restricted funds until expended. Where funding is received in advance it will be reflected as income when received and held separately to be used in line with agreed project plans.

All other income is accounted for when receivable.

(e) Expenditure

Expenditure is recognised on an accruals basis as liabilities are incurred. VAT on expenditure is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. Governance costs comprise those costs associated with meeting the constitutional and statutory requirements of the charity and include reporting accountants' fees and trustees' training and travelling expenses.

Costs relating to a particular activity are allocated to the fund that finances that activity. All other costs are allocated to the mainline fund.

(f) Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the charity. Any unused benefits are accrued and measured as the additional amount the charity expects to pay as a result of the unused entitlement.

Home-Start Aberdeen participates in the North East Scotland Pension Fund (NESPF) which is a part of the Local Government Pension Scheme (LGPS) and a multi-employer scheme. The LGPS is a defined benefits scheme. The scheme closed to new entrants with effect from April 2011. At that time, the Board elected to provide alternative pension arrangements for new staff. The National Employment Savings Trust (NEST) was approved as the main pension arrangement from April 2013 and upon admission of a new member of staff to the scheme, an employer contribution of 6% of salary was made until 30 June 2016.

With effect from 1 July 2016, the staging date, staff were auto-enrolled into NEST where appropriate. The Board approved an initial employer contribution of 3% which increases to 6% after 6 months of employment. NEST is a defined contribution scheme.

At 31 March 2017, two members of the team were members of the LGPS and eight were contributing to NEST.

The liabilities of the fund attributable to Home-Start Aberdeen are included in the Balance Sheet on an actuarial basis using projected unit credit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned today by employees, based on assumptions about mortality rates, employee turnover rates and modelling of projected earnings for current employees.

Liabilities are discounted to their present value at current prices using a discount rate of 2.6% based on a weighted average of 'spot yields' on AA related corporate bonds that are denominated in sterling and have terms approximating to the estimated period of the future payments (discount rate).

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
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The assets of the fund attributable to Home-Start Aberdeen are included in the Balance Sheet at their fair value on the following bases:

Quoted securities	Current bid price
Unquoted securities	Professional estimate
Unitised securities	Current bid price
Property	Market value

The change in the net pensions liability is analysed into the following components:

Service cost, comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated to the funding streams in the Statement of Financial Activities which funded the relevant staff
- Past service costs – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus/deficit in the Statement of Financial Activities
- Net interest on the net defined benefit liability – net interest expense – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Statement of Financial Activities. This is calculated by applying the discount rate used to measure the defined obligation at the beginning of the year to the net defined benefit liability at the beginning of the year – taking into account any changes in the net defined benefit liability during the year as a result of contribution and benefit payments.

Remeasurements, comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability charged to the Statement of Financial Activities
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated assumptions, debited or credited to the Statement of Financial Activities.

(g) Tangible fixed assets

Furniture and equipment costing less than £500 inclusive of VAT is taken to the statement of financial activities in the period of acquisition. All other furniture and equipment is capitalised at cost and depreciated over the expected useful economic life, on a straight line basis. At present, the useful life is considered to be 5 years.

(h) Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

(i) Creditors

Creditors 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 are normally recognised at their settlement amount.

(j) Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2017

3 Donations

Donations received amounted to £24,237 (2016 - £25,851), all of which represented unrestricted funds. The majority of this amount related to volunteers' donated expenses. The charity really appreciates the dedication of its volunteers in supporting families so to also have the additional financial benefit of donated expenses is of huge value to the charity.

The charity also has an increasing number of supporters who choose us as one of their selected charities. In 2016/17, £4,893 (2016 £2,282) was received from individuals and organisations undertaking different challenges who had opted to share part or all of their sponsorship with us.

4 Income from charitable activities: grant income

	Unrestricted	Restricted	Total 2017	Total 2016
	£	£	£	£
Aberdeen City Council – Social Care	63,155	-	63,155	66,407
Big Lottery Fund	-	56,027	56,027	50,681
NHS Grampian – Health Improvement Fund	-	-	-	31,625
Early Years Change fund	-	56,250	56,250	93,750
Aberdeen City Council – Fairer Scotland Fund	-	35,707	35,707	31,591
	<u>63,155</u>	<u>147,984</u>	<u>211,139</u>	<u>274,054</u>
	£	£	£	£

5 Cost of raising funds

Fundraising	2,670	-	2,670	1,003
Charity shop trading costs (note 9)	64,744	-	64,744	66,612
	<u>67,414</u>	<u>-</u>	<u>67,414</u>	<u>67,615</u>

In 2016, £67,615 was attributable to Unrestricted Funds.

	£	£	£	£
6 Expenditure on charitable activities				
Staff costs	48,860	174,394	223,254	208,736
Co-ordinators' training and expenses	887	6,056	6,943	6,853
Volunteers' training and expenses	1,966	7,375	9,341	9,555
Public Relations and Communication	3,276	4,982	8,258	8,113
Rent, Rates and Water Charges	26,200	6,800	33,000	20,836
Insurance	843	-	843	860
Heat & light	-	-	-	362
Other property expenses	315	(147)	168	11,910
IT maintenance	481	676	1,157	4,272
Telephone and Internet	777	1,604	2,381	2,794
Cleaner's wages	1,874	-	1,874	1,750
Postages	482	101	583	847
Other office expenses	2,354	1,155	3,509	4,916
Membership fees	564	-	564	553
Home-Start UK fee	3,370	2,664	6,034	6,340
Depreciation	600	694	1,294	1,294
Governance costs (Note 7)	4,157	-	4,157	5,584
Miscellaneous	423	891	1,314	5,589
	<u>97,429</u>	<u>207,245</u>	<u>304,674</u>	<u>301,164</u>

In 2016, £116,146 was attributable to Unrestricted Funds and £185,018 to Restricted Funds.

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2017**

	Unrestricted	Restricted	Total 2017	Restated Total 2016
	£	£	£	£
7 Governance costs				
Trustees' training and expenses	23		23	944
Independent Examiners' fee	1,134	-	1,134	1,640
Actuary's fee	3,000		3,000	3,000
	<u>4,157</u>		<u>4,157</u>	<u>5,584</u>

In 2016, £4,992 was attributable to Unrestricted Funds and £592 to Restricted Funds.

8 Employee costs

The following employee costs (covered in Notes 5, 6 and 9) were incurred during the period:

	Total 2017	Total 2016
	£	£
Wages and salaries	218,485	208,537
Social security costs	10,863	9,982
Pension contributions	26,920	19,569
	<u>256,268</u>	<u>238,088</u>
Pension Adjustment	1,000	5,000
	<u>257,268</u>	<u>243,088</u>

The average number of employees during the period, calculated on the basis of full time equivalents, was 8 (2016 – 10). No employee was paid more than £60,000 per annum.

In recognition of the significant contribution made by staff, a one of discretionary payment was made in December 2016. Total gross payments to the team amounted to £1,890 and are included in Note 8.

9 Charity Shop Trading Account

	2017	2016
	£	£
Income		
Shop Takings	60,657	60,694
Other Income	11,448	10,524
Total Income	<u>72,105</u>	<u>71,218</u>
Operating Costs		
Salaries	29,024	28,287
Shop supplies and sundries	2,524	2,885
Volunteers Expenses	422	253
Rent, Rates and Water Charges	27,688	30,430
Insurance, Heat and light	2,894	2,582
Other property costs	913	1,168
Advertising	177	496
Telephone	545	468
Other office costs	557	43
	<u>64,744</u>	<u>66,612</u>
Surplus from trading activities	<u>7,361</u>	<u>4,606</u>

10 Trustee remuneration

No trustee received any remuneration during the period. Travel costs amounting to £Nil (2016 - £Nil) were reimbursed to trustees.

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11 Independent examiner's remuneration

The independent examiner's remuneration constituted an independent exam fee of £1,134 (2016 - £1,640).

12 Tangible Fixed Assets

	2017 Furniture £	2017 Equipment £	2017 Total £
Cost			
At 1 April 2016 and 31 March 2017	3,470	5,494	8,964
Depreciation			
At 1 April 2016	694	2,100	2,794
Charge for year	694	600	1,294
At 31 March 2017	<u>1,388</u>	<u>2,700</u>	<u>4,088</u>
Net Book Value at 31 March 2017	<u>2,082</u>	<u>2,794</u>	<u>4,876</u>
Net Book Value at 31 March 2016	<u>2,776</u>	<u>3,394</u>	<u>6,170</u>

13 Debtors

	Total 2017 £	Total 2016 £
Aberdeen City Council – Social Care Grant	5,263	21,052
Prepayments and accrued income	37,150	16,873
Other debtors	46,764	34,206
	<u>89,177</u>	<u>72,131</u>

In 2017, £86,562 (2016 £67,260) of Debtors related to Unrestricted Funds and £2,615 (2016 £4,871) related to Restricted Funds.

14 Creditors

	Total 2017 £	Total 2016 £
Trade creditors	2,958	8,187
Accruals and deferred income	20,928	17,792
	<u>23,886</u>	<u>25,979</u>

In 2017, £13,665 (2016 £11,681) of Creditors related to Unrestricted Funds and £10,221 (2016 £14,298) related to Restricted Funds

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15 Pension scheme

Home-Start Aberdeen participates in the North East Scotland Pension Fund (NESPF) which is a part of the Local Government Pension Scheme (LGPS) and a multi-employer scheme. The LGPS is a defined benefits scheme.

The actuarial valuation carried out on behalf of NESPF as at 2011 showed that the overall funding position was 88%, the deficit being £294.4 million. The contributions payable by employers were held at 19.3% of salary for the years ending 31 March 2012, 2013 and 2014 respectively. The contributions payable by employers were based on the position of the Fund as a whole, which is reassessed at each triennial valuation.

In March 2015, the Fund's actuary concluded his triennial valuation of the Fund as at 31 March 2014. The valuation was updated to reflect that Home-Start Aberdeen is closed to new entrants. In view of the fact that the scheme will have no new members, the employer's contribution rises to provide increased coverage of its share of the pension deficit. With effect from April 2015, Home-Start Aberdeen's employer's contribution increased from 19.3% to 22.7% and from April 2016, this increased to 26.2%.

The fund is valued every 3 years by a professionally qualified independent actuary using the projected unit method. In the intervening years, the actuary reviews the progress of the scheme and prepares an interim valuation for the purposes of reporting under FRS 102, section 28: Employee benefits. The value of the fund at 31 March 2017 was as follows:

	2017 £	2016 £
Present value of funded liabilities	546,000	395,000
Fair value of employer's assets	(345,000)	(270,000)
Net liability/Pension deficit	201,000	125,000

Movement in present value of defined obligation

	2017 £	2016 £
At start of year	395,000	390,000
Current service cost	20,000	19,000
Interest cost	13,000	13,000
Contribution by members	5,000	4,000
Actuarial losses/(gains)	120,000	(23,000)
Benefits paid	(7,000)	(8,000)
At 31 March 2017	546,000	395,000

Movement in fair value of employer's assets

	2017 £	2016 £
At start of year	270,000	255,000
Interest income on plan assets	10,000	9,000
Contribution by members	5,000	4,000
Contribution by employers	19,000	14,000
Remeasurements	48,000	(4,000)
Benefits paid	(7,000)	(8,000)
At 31 March 2017	345,000	270,000

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(Income)/expense recognised in the statement of financial activities

	2017	2016
	£	£
Current service cost	20,000	19,000
Interest cost	3,000	4,000
Actuarial loss/(gain) on NESPF	72,000	(19,000)
At 31 March 2017	95,000	4,000

	2017	2016
	£	£
Actuarial loss/(gain) on movement in present value of defined benefit obligation	120,000	(23,000)
Actuarial gain on movement in fair value of employer assets	(48,000)	4,000
Actuarial loss/(gain) during the year	72,000	(19,000)

Fair value of employer assets and return on those assets

	2017	2016
	£	£
Equities	235,000	210,000
Bonds	44,000	35,000
Property	24,000	23,000
Cash	5,000	2,000
Other	37,000	-
At 31 March 2017	345,000	270,000

Principal actuarial assumptions (expressed as weighted averages) were as follows:

	2017	2016
	%	%
Inflation/pension increase rate	2.3	2.0
Salary increase rate	3.8	3.5
Discount rate	2.6	3.6

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial marketing tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	Males	Females
	Years	Years
Current pensioners	22.3	24.9
Future pensioners	24.5	27.8

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In respect of our pension schemes, the following contributions were paid during the year:

	NEST 2017 £	NESPf 2017 £	Total 2017 £	NEST 2016 £	NESPf 2016 £	Total 2016 £
Employees contributions	4,180	4,174	8,354	2,577	3,975	6,552
Employers contributions	8,138	16,975	25,113	5,340	14,230	19,570
	<u>12,318</u>	<u>21,149</u>	<u>33,467</u>	<u>7,917</u>	<u>18,205</u>	<u>26,122</u>

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	<u>12,318</u>	<u>21,149</u>	<u>33,467</u>	<u>7,917</u>	<u>18,205</u>	<u>26,122</u>

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16 The funds of the charity

	Restated At start of period £	Incoming resources £	Outgoing resources £	Transfers £	At end of period £
Restricted funds					
Big Lottery Fund	206	56,027	59,286	3,053	-
Fairer Scotland Fund	894	35,707	37,777	1,176	-
NHS Health Development	19,839	-	-	-	19,839
NHS Health Improvement Fund	68,635	-	12,198	-	56,437
Early Years' Fund	70,835	56,250	97,984	-	29,101
	<u>160,409</u>	<u>147,984</u>	<u>207,245</u>	<u>4,229</u>	<u>105,377</u>
Unrestricted funds					
Designated fund - Pensions	(80,000)	-	76,000	2,000	(154,000)
Reserve fund	90,000	-	-	10,000	100,000
Property Fund	31,500	-	-	500	32,000
Mainline	26,387*	148,377	100,099	(16,729)	57,936
Charity Shop	4,402	72,105	64,744	-	11,763
	<u>72,289</u>	<u>220,482</u>	<u>240,843</u>	<u>(4,229)</u>	<u>47,699</u>
Total funds	<u>232,698</u>	<u>368,466</u>	<u>448,088</u>	<u>-</u>	<u>153,076</u>

The closing balances on all funds are held as net current assets.

*Amount reduced by £3,000 to reflect the accrual for the actuary's report in respect of the prior year.

Purposes of restricted funds

Big Lottery Fund: Funds provided to support and better equip families to deal with the challenges of 21st Century life. For example, financial advice, healthy and affordable eating and skill acquisition.

Fairer Aberdeen Fund Regeneration Grant provided by the Fairer Scotland Fund of Aberdeen City Council to meet the direct costs of extending our family support services to all designated regeneration areas within the city of Aberdeen.

NHS Grampian Health Development: Grant provided by NHS Grampian to fund a co-ordinator to work with families helping them achieve improved nutrition.

NHS Grampian Health Improvement Fund: Funds provided to employ a dedicated co-ordinator to support hard to reach vulnerable families in their own homes aiming to target health priorities and reduce health inequalities.

Early Years' Change Fund: Funds provided to employ a dedicated co-ordinator and family support worker to support hard to reach vulnerable families in their own homes aiming to target health priorities and reduce health inequalities.

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Purposes of unrestricted funds

Designated fund: Unrestricted funds of the charity which the trustees have decided at their discretion to set aside for a specific purpose. In this case the balance represents the shortfall in the pension benefits earned by past and present employees and the resources set aside to meet them.

Reserve fund: A designated fund used to set aside surplus funds from other funds with a view to building this fund up to an appropriate level in accordance with the charity's policy of maintaining reserves (see the trustees' report).

Property Fund: In recognition of future liabilities and increasing costs, balances from unrestricted funds have been earmarked for expected increased property costs associated with managing larger premises.

Mainline: This general fund handles the incoming and outgoing resources in respect of the inaugural family support services provided in the city of Aberdeen. A significant amount of the costs of providing this service are financed by a grant from Social Care and Wellbeing Services at Aberdeen City Council. All income of the charity, other than income which is attributable to a specific fund, is allocated to this account.

Charity shop: Net proceeds and associated gift aid provide a source of additional income to build future capacity.

17 Operating lease commitments

	Total 2017 £	Total 2016 £
Within one year	37,336	45,500
In two to five years	51,000	83,349
	<u>88,336</u>	<u>128,849</u>

18 Control

The charity is under the control of the trustees, as detailed on page 2.

19 Related parties

The charity is affiliated to Home-Start (UK), to whom an affiliation fee is paid in return for various support services. The fee paid in the year to 31 March 2017 amounted to £6,033 (2016 - £6,340).