

HOME-START ABERDEEN
A company limited by guarantee No SC280851

TRUSTEES' ANNUAL REPORT
and
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

**HOME-START ABERDEEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

CONTENTS

	Page
Trustees' Annual Report	2-7
Reporting Accountant's report	8
Statement of financial activities	9
Balance sheet	10
Notes to the financial statements	11-21

**HOME-START ABERDEEN
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2020.

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 2019)

Chair Anne MacDonald
Vice Chair Yvonne Wright

Other trustees Mike Brown
Rob Burnett
Ally Cartwright
Wendy MacAulay – resigned 1 February 2020
Annie Slevin – resigned 17 November 2020

Management team

Eleanor McEwan General 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 Co-ordinator
Angela Davidson Play Leader

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, Queens Cross, Aberdeen AB16 5JR

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 to provide support and friendship, helping them to create a secure and loving home environment where their children can grow up happy, healthy and confident, and able to achieve their full potential. Home-Start provides a breathing space for parents, helps to prevent family crisis and breakdown and also supports many professional workers who refer many families in need to the scheme.

As well as its main objective of home visiting, the charity also runs several specialist projects including a family support group for parents and children who are at particular risk of isolation.

Achievements and performance

The core service is provided by volunteers who receive training, support and supervision. During the year our volunteers supported 197 (2019 - 211) families in which there were 380 children (2019 – 378). 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 58% (2019 - 68%) although there are also self-referrals and referrals from community groups which made up 13% and 29% of the 2019/20 total respectively. Our work with partner projects, RAFT and Big Hopes, Big Future, represented 10% and 13% of our caseload respectively.

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

- RAFT (Reaching Aberdeen Families Together) is a consortium of local charities led by Barnardo's who formed a partnership to bid for and successfully won a contract with Aberdeen City Council to provide children's services. The contract commenced in September 2017 and will run for up to 5 years.
- Recipe for Life (with NHS Grampian) - provides support for families in the home, teaching practical cooking skills, budgeting and shopping advice, weaning and maintaining child healthy weights.
- Big Hopes, Big Future (with Aberdeen City schools) – provides support for families with children preparing to come into Primary One. The project helps parents to provide a home learning environment which supports their children's early learning and development by turning everyday activities into play-based learning opportunities.
- Rising Stars family group – targets quality parent and child interaction through play and sessions for parents on topics such as child development, self-confidence and communication skills.

Financial review

We experienced a number of funding disappointments during the financial year 2019/20 in that several promising funding bids and potential indications from our engagement activities did not materialise. In the final quarter, we knew that we would be drawing on our reserves to achieve financial balance. In common with the wider population, the impact of the Covid-19 pandemic only affected us in the final weeks of the financial year.

The overall position for the year was a deficit of £63,830 (2019 – deficit £27,407) and is made up of a deficit on unrestricted funds of £26,085 and a deficit on restricted funds of £37,745. The majority of the restricted funding deficit related to our Recipe for Life project. Although we did not receive any specific funding in the year, we do carry unspent funding from previous years, restricted to this project, and which we budgeted to spend during 2019/20. Our shortfall for the year is therefore largely the deficit of £26,085 on the unrestricted funds.

At 31 March 2020, the charity's funds totalled £168,148 (2019 £231,978) of which £33,098 (2019 £70,843) was restricted funding held for specific projects. We also hold reserves of £135,050 (2019 £161,135) available for use at the discretion of the trustees. In accordance with FRS102, pension accounting was implemented in 2016/17. Due to changes in the actuary's assumptions, the net liability position has reduced by £23,000 at 31 March 2020. More information on our pension accounting including the actuary's assumptions is set out at Note 15.

HOME-START ABERDEEN TRUSTEES' ANNUAL REPORT (CONTINUED)

Increasingly, we are finding that funding opportunities are over-subscribed. While this can mean we are unsuccessful, it might also mean that we receive a lesser amount than we applied for and/or we are provided with annual funding. While any funding is both welcomed and appreciated, it does mean we are preparing more bids. This requires more time and resources and it also means we are constantly looking for the next funding opportunity.

Principal funding sources

The principal funding sources are as follows:

- 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.
- Contract income from Aberdeen City Council Education and Children's Services in respect of services provided with partners through RAFT, credited to a separate restricted fund.
- A range of grants from Funds and Trusts have been secured to support core costs and have been credited to unrestricted funds. These included Aberdeen City Council Common Good Fund, the Robertson Trust and R S Macdonald.
- Proceeds of £17,643 from our fundraising events, credited as fundraising income within unrestricted funds.

Policy on reserves

The policy established by the trustees has as its objective the holding of a reserve fund of at least £150,000 in addition to maintaining small working balances on each of our funds. 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 2019/20 was approximately £400,000). At 31 March 2020, we held a reserve fund of £100,000. Although the board is committed to making additional contributions to the reserve fund, it recognises that this is unlikely in the next year and beyond in the aftermath of the Covid-19 pandemic.

The reserves policy will be formally reviewed in February 2021. The board has already approved the use of reserves in 2020/21 to ensure a balanced financial position is returned. If the level approved is actually required, then the reserves policy will need amendment.

Plans for future periods

In November 2019, the board approved a new four year strategic plan which set out the following priorities:

- to give every child we support the best possible start at home by increasing the number of families we support
- to improve families' health and wellbeing through the extension of our 'Recipe for Life' project and developing our pre-birth and perinatal mental health work
- to support families in strengthening their communities by increasing our partnership working, and embedding mechanisms for evaluating our impact and reporting the difference we make
- to manage and fund a growing organisation to achieve excellent outcomes by seeking opportunities to increase revenue generating activities, having an effective Public Relations strategy and making the best use of available technology.

Normally, the board meets every six months to review and monitor strategic objectives. In response to Covid-19, the staff transitioned to home-working and we continued to provide family support remotely via telephone and Zoom calls. All face to face visits were cancelled but more recently, we have slowly begun outdoor visits with families. The top priority during this time is the safety of our staff and volunteers. While work is progressing on each of the agreed priorities, the pace is clearly slower as a result of the current situation. In recent months, the main focus of the board has been our financial position which has dominated board meetings. Board meetings have continued online to the usual timetable but separate strategy sessions have been postponed for the time being.

HOME-START ABERDEEN TRUSTEES' ANNUAL REPORT (CONTINUED)

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 is supported by a finance committee and there is a lead trustee or advisor for child protection, health and safety, human resources and IT.

The General Manager leads the staff team and has operational responsibility for the scheme. She is directly accountable to the Board of Trustees. The General Manager is supported by a team leader in managing and supervising staff and volunteers. At 31 March 2020, the total number of permanent team members including shop activities was 12 (2019: 12).

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. We have a rich team of advisors who provide invaluable support to the board. In terms of our core services, they include a social worker and a health visitor and in other specialisms, we have HR and IT expertise.

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. Board members received refresher training in November 2019 covering child protection legislation, policies and guidelines.

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. The charity publishes an annual public performance report which sets out progress against strategic goals and a summary service analysis. Our risk register was considered by the finance committee on a quarterly basis and reviewed by the board on a six monthly basis.

In March 2020, as the Covid-19 situation escalated, an emergency board meeting was called to activate our business continuity plan and review our coronavirus risk matrix. These matters are under regular review as standing items on board agendas.

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 rolling programme to ensure that standards are reviewed on a cyclical basis over a 3 year period. We were assessed by Home-Start UK in April 2019 against our national quality standards and achieved a high score.

HOME-START ABERDEEN TRUSTEES' ANNUAL REPORT (CONTINUED)

Significant work was undertaken in 2018/19 to strengthen our IT systems and procedures. We reaped the benefits of this action during the pandemic as our systems and processes could be safely accessed by staff working from home. Robust back up procedures are in place and we are currently in the process of renewing our cyber security accreditation. We implemented our action plan in respect of General Data Protection Requirements and will shortly undertake a review of our arrangements.

We implemented a new case management computer system during the year which will enable us to record impacts and outcomes more effectively and help us in meeting existing and potential funders' data requirements. Effective impact reporting for our funders and the wider community is essential in assisting us to attract more 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.

Events after the Balance Sheet date

In common with other organisations, the impact of Covid-19 took effect from late March 2020. Staff transitioned to working from home and families continued to be supported remotely. Our charity shop was closed for six months and the associated staff were placed on furlough. Other than a shift to virtual meetings and electronic authorisation arrangements, governance procedures largely continued unchanged during this period. While the level of uncertainty in the sector has increased, the board's view is that these are non-adjusting events as the impact of the pandemic has not affected the financial position reported at 31 March 2020.

Going concern

The impact of Covid-19 has exacerbated the financial challenges already being experienced by the organisation. We have however been successful in securing funding provided by the Scottish Government and other organisations to support the third sector in responding to the pandemic. The board has reviewed its financial position and has approved the further use of reserves (if required) which will ensure a balanced financial position is achieved for 2020/21. Beyond March 2021, there is a funding shortfall to fill. While the circumstances are different, the board does not feel the challenge is particularly different to other years. The board continues to submit appropriate bids, is regularly reviewing its financial position and is undertaking additional work to reduce costs. Overall, the board is satisfied that the going concern basis of accounting is appropriate for the preparation of the 2019/20 annual accounts.

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.

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

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.

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 17 December 2020 and signed on their behalf:



Yvonne Wright
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 2020 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 and 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.

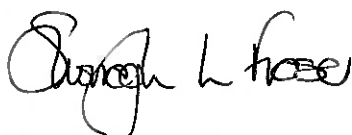
Independent examiner's statement

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, 17 December 2020

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

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted funds 2020 £	Restricted funds 2020 £	TOTAL 2020 £	TOTAL 2019 £
Income					
Donations	3	36,888	-	36,888	34,245
<i>Income from Charitable activities</i>					
Grant income	4	85,000	93,450	178,450	224,294
Fundraising		17,643	-	17,643	18,018
Trading activities	9	61,646	-	61,646	66,722
Investment income (interest from deposits)		497	-	497	483
Other		17,239	-	17,239	13,322
Total Income		218,913	93,450	312,363	357,084
Expenditure					
Costs of raising funds	5	101,379	-	101,379	101,247
Charitable activities	6	162,965	134,849	297,814	267,015
Interest cost in relation to pension liability		4,000	-	4,000	3,000
Pension service costs		-	-	-	7,229
Total Expenditure		268,344	134,849	403,193	378,491
Net expenditure		(49,431)	(41,399)	(90,830)	(21,407)
Actuarial gain/(loss) on defined benefit scheme		27,000	-	27,000	(6,000)
Net movement in funds after actuarial gain/(loss) on pension scheme		(22,431)	(41,399)	(63,830)	(27,407)
Transfers between funds		(3,654)	3,654	-	-
Net Movement		(26,085)	(37,745)	(63,830)	(27,407)
Reconciliation of funds					
Total funds brought forward	16	161,135	70,843	231,978	259,385
Total funds carried forward	16	135,050	33,098	168,148	231,978

**HOME-START ABERDEEN
BALANCE SHEET**

AT 31 MARCH 2020

		2020	2019
		£	£
Fixed Assets			
Tangible Assets - Equipment	12	4,812	3,885
		<u>4,812</u>	<u>3,885</u>
Current assets			
Debtors	13	63,165	96,935
Investments		63,799	63,302
Cash at bank		205,195	269,119
		<u>332,159</u>	<u>429,356</u>
Liabilities:			
Creditors: amounts due within one year	14	(23,594)	(33,034)
		<u>308,565</u>	<u>396,322</u>
Net current assets			
		<u>313,377</u>	<u>400,207</u>
Net Assets excluding pension liability			
Defined benefit pension scheme liability	15	(145,229)	(168,229)
		<u>168,148</u>	<u>231,978</u>
The funds of the charity:			
Restricted income funds	16	33,098	70,843
Unrestricted funds		233,279	282,364
Pension Reserve		(98,229)	(121,229)
Total unrestricted reserves	16	<u>135,050</u>	<u>161,135</u>
		<u>168,148</u>	<u>231,978</u>
Total charity funds			

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 17 December 2020 and were signed on its behalf on that date by:



Anne MacDonald
Treasurer

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020**

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 2020 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 £.

As explained in the Trustees' Report, the accounts are prepared on the going concern basis which provides that the charity will continue in operational existence for the foreseeable future.

(b) 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.

(c) 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.

(d) 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.

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020**

(e) 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.

With effect from 1 July 2016, 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 2020, one member of the team was a member of the LGPS and nine 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 2.4% 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).

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 pension 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.

HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020

(f) Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the accounts are approved for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the accounts are adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting date – the accounts are not adjusted to reflect such events, but where a category of event would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial impact.

(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) Provisions

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation where it is probable that settlement by a transfer of economic benefits or service potential will be required to settle the obligation, taking into account relevant risks and uncertainties.

(k) 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.

(l) Prior year adjustments

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes are made by adjusting the opening balances and comparative amounts for the prior period or periods.

3 Donations

Donations received amounted to £36,888 (2019 - £34,245), 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.

HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020

4 Income from charitable activities: grant income

	Unrestricted	Restricted	Total 2020	Total 2019
	£	£	£	£
Aberdeen City Council – Fairer Scotland Fund	-	33,090	33,090	31,014
Aberdeen City Council – RAFT	-	30,000	30,000	30,000
Early Years Change Fund	-	-	-	48,487
NHS Grampian – Health Improvement Fund	-	-	-	37,500
Aberdeen City Council – Common Good Fund	50,000	-	50,000	
The Robertson Trust	15,000	-	15,000	20,000
Big Hopes Big Future		7,200	7,200	23,300
RS Macdonald	20,000	-	20,000	25,000
Scottish Children's Lottery	-	10,000	10,000	-
Apache	-	8,160	8,160	-
Sanctuary	-	5,000	5,000	-
Other	-	-	-	8,993
	<u>85,000</u>	<u>93,450</u>	<u>178,450</u>	<u>224,294</u>

In 2019, £116,187 was attributable to Unrestricted Funds and £108,107 to Restricted Funds.

	Unrestricted	Restricted	Total 2020	Total 2019
	£	£	£	£
5 Cost of raising funds				
Fundraising	43,176	-	43,176	43,922
Charity shop trading costs (note 9)	58,203	-	58,203	57,325
	<u>101,379</u>	<u>-</u>	<u>101,379</u>	<u>101,247</u>

In 2019, £101,247 was attributable to Unrestricted Funds.

	Unrestricted	Restricted	Total 2020	Total 2019
	£	£	£	£
6 Expenditure on charitable activities				
Staff costs	103,308	104,767	208,075	190,128
Co-ordinators' training and expenses	4,637	3,890	8,527	4,777
Volunteers' training and expenses	1,464	3,509	4,973	6,254
Public Relations and Communication	15,452	550	16,002	10,392
Rent, Rates and Water Charges	22,148	11,473	33,621	30,827
Insurance	1,061	50	1,111	1,048
Other property expenses	861	-	861	1,927
IT maintenance	2,905	2,925	5,830	2,963
Telephone and Internet	716	1,393	2,109	1,803
Cleaner's wages	1,747	100	1,847	1,925
Postages	250	325	575	473
Other office expenses	231	3,412	3,643	3,201
Membership fees	648	-	648	100
Home-Start UK fee	3,040	2,356	5,396	6,744
Depreciation	1,735	99	1,834	1,784
Governance costs (Note 7)	2,002	-	2,002	1,991
Miscellaneous	760	-	760	678
	<u>162,965</u>	<u>134,849</u>	<u>297,814</u>	<u>267,015</u>

In 2019, £126,669 was attributable to Unrestricted Funds and £140,346 to Restricted Funds.

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020**

	Unrestricted	Restricted	Total 2020	Total 2019
	£	£	£	£
7 Governance costs				
Trustees' training and expenses	172	-	172	261
Independent Examiners' fee	1,400	-	1,400	1,300
Actuary's fee	430	-	430	430
	<u>2,002</u>	<u>-</u>	<u>2,002</u>	<u>1,991</u>

In 2019, £1,991 was attributable to Unrestricted Funds.

8 Employee costs

	Total 2020	Total 2019
	£	£
The following employee costs (covered in Notes 5, 6 and 9) were incurred during the period:		
Wages and salaries	208,271	186,151
Social security costs	15,659	13,100
Pension contributions	22,721	21,834
	<u>246,651</u>	<u>221,085</u>
Pension Adjustment (Note 15)	-	7,229
	<u>246,651</u>	<u>228,314</u>

The average number of employees during the period, calculated on the basis of full time equivalents, was 8 (2019 – 8). No employee was paid more than £60,000 per annum.

9 Charity Shop Trading Account

	2020	2019
	£	£
Income		
Shop Takings	61,646	66,722
Other Income	4,073	4,883
Total Income	65,719	71,605
Operating Costs		
Salaries	32,800	31,111
Shop supplies and sundries	2,793	4,529
Volunteers Expenses	1,075	425
Rent, Rates and Water Charges	14,795	15,015
Insurance, Heat and light	2,502	2,741
Other property costs	1,648	2,048
Telephone, IT and cyber security	2,382	848
Other office costs	208	608
	<u>58,203</u>	<u>57,325</u>
Surplus from trading activities	<u>7,516</u>	<u>14,280</u>

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020**

10 Trustee remuneration

No trustee received remuneration during the period. Two trustees were reimbursed for expenses which amounted to £290 (2019 - £659) analysed as follows: annual fees to Companies House and miscellaneous costs incurred by our 'Friends' group arranging our annual fundraising events.

11 Independent examiner's remuneration

The independent examiner's remuneration constituted an independent exam fee of £1,400 (2019 - £1,300).

12 Tangible Fixed Assets

	2020 Furniture £	2020 Equipment £	2020 Total £
Cost			
At 1 April 2019	3,470	7,941	11,411
Additions	-	2,761	2,761
At 31 March 2020	3,470	10,702	14,172
Depreciation			
At 1 April 2019	2,776	4,750	7,526
Charge for year	694	1,140	1,834
At 31 March 2020	3,470	5,890	9,360
Net Book Value at 31 March 2020	-	4,812	4,812
Net Book Value at 31 March 2019	694	3,191	3,885

13 Debtors

	Total 2020 £	Total 2019 £
Aberdeen City Council – Social Care Grants	2,500	2,500
Prepayments and accrued income	11,827	19,785
Other debtors	48,838	74,650
	63,165	96,935

In 2020, £60,665 (2019 £94,435) of Debtors related to Unrestricted Funds and £2,500 (2019 £2,500) related to Restricted Funds.

14 Creditors

	Total 2020 £	Total 2019 £
Trade creditors	57	12,551
Accruals and deferred income	23,537	20,483
	23,594	33,034

In 2020, £18,980 (2019 £25,428) of Creditors related to Unrestricted Funds and £4,614 (2019 £7,606) related to Restricted Funds

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020**

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.

In March 2018, the Fund's actuary concluded his triennial valuation of the Fund as at 31 March 2017. This showed that the overall funding position has increased from 94% (2014 valuation) to 107%. The contributions payable by employers have been 19.3% of salary for several years. This rate has been held for the 3 year period commencing 1 April 2018.

The valuation reflects 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 2018, Home-Start Aberdeen's employer's contribution increased from 29.6% to 33.6%.

The fund is valued every 3 years by a professionally qualified independent actuary using the projected unit method. The 2020 valuation is in progress and we expect initial results shortly. In the intervening years between valuations, 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 2020 was as follows:

	2020	2019
	£	£
Present value of funded liabilities	542,000	567,000
Fair value of employer's assets	(404,000)	(406,000)
Net liability/Pension deficit	138,000	161,000

In addition, a provision of £7,229 continues to be included which represents an estimate of the additional pension liability likely to arise as a result of the McCloud judgement. The combined net pension liability in the Balance Sheet is therefore £145,229 (being the net pension deficit of £138,000 and the provision of £7,229). (2019 £168,229)

In June 2019, the courts ruled in the McCloud judgement that the transitional protections provided as part of the 2015 public service pension scheme changes discriminate unlawfully on the grounds of age. An estimate was obtained from the Pension Fund's actuary of the costs likely to be involved in compensating affected members of HomeStart's pension scheme. The impact on the Balance Sheet was estimated to be an additional pension liability of £7,229. In summer 2020, the Scottish Public Pensions Agency consulted on proposals to address the discrimination identified by the McCloud judgement. The actuary confirmed that their initial estimates were in line with proposals set out in the consultation. The provision of £7,229 is considered to be a reasonable estimate and so it continues to be included in the accounts.

Movement in present value of defined obligation

	2020	2019
	£	£
At start of year	567,000	517,000
Current service cost	10,000	15,000
Interest cost	14,000	13,000
Contribution by members	2,000	3,000
Actuarial losses/(gains)	(44,000)	26,000
Benefits paid	(7,000)	(7,000)
At 31 March 2020	542,000	567,000

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020**

Movement in fair value of employer's assets

	2020	2019
	£	£
At start of year	406,000	365,000
Interest income on plan assets	10,000	10,000
Contribution by members	2,000	3,000
Contribution by employers	10,000	15,000
Remeasurements	(17,000)	20,000
Benefits paid	(7,000)	(7,000)
At 31 March 2020	404,000	406,000

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

	2020	2019
	£	£
Current service cost	10,000	15,000
Interest cost	4,000	3,000
Actuarial gain/(loss) on NESPF	(27,000)	6,000
At 31 March 2020	(13,000)	24,000

	2020	2019
	£	£
Actuarial (gain)/loss on movement in present value of defined benefit obligation	(44,000)	26,000
Actuarial loss/(gain) on movement in fair value of employer assets	17,000	(20,000)
Actuarial (gain)/loss during the year	(27,000)	6,000

Fair value of employer assets and return on those assets

	2020	2019
	£	£
Equities	223,000	246,000
Bonds	35,000	36,000
Property	29,000	30,000
Cash	8,000	15,000
Other	109,000	79,000
At 31 March 2020	404,000	406,000

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

	2020	2019
	%	%
Inflation/pension increase rate	2.1	2.2
Salary increase rate	3.6	3.7
Discount rate	2.4	2.4

HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020

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:

	2020 Males Years	2020 Females Years	2019 Males Years	2019 Females Years
Current pensioners	21.5	24.2	22.9	25.0
Future pensioners	23.1	26.3	25.8	28.1

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

	NEST 2020 £	NESPF 2020 £	Total 2020 £	NEST 2019 £	NESPF 2019 £	Total 2019 £
Employee contributions	7,355	1,805	9,160	4,881	2,637	7,518
Employer contributions	12,720	10,001	22,721	7,260	14,574	21,834
	<u>20,075</u>	<u>11,806</u>	<u>31,881</u>	<u>12,141</u>	<u>17,211</u>	<u>29,352</u>

16 The funds of the charity

	At start of period £	Incoming resources £	Outgoing resources £	Transfers £	At end of period £
Restricted funds					
Fairer Scotland Fund	-	33,090	34,024	934	-
NHS Health Improvement Fund	70,843	-	37,745	-	33,098
Aberdeen City Council (RAFT)	-	30,000	32,087	2,087	-
Big Hopes Big Futures	-	7,200	7,613	413	-
Scottish Children's Lottery	-	10,000	10,000	-	-
Sanctuary	-	5,000	5,000	-	-
Apache	-	8,160	8,380	220	-
	<u>70,843</u>	<u>93,450</u>	<u>134,849</u>	<u>3,654</u>	<u>33,098</u>
Unrestricted funds					
Reserve fund	100,000	-	-	-	100,000
Pension Reserve	(121,229)	-	(23,000)	-	(98,229)
Property Fund	32,000	-	-	-	32,000
Earmarked Reserve (BHBF)	15,103	-	-	(413)	14,690
Mainline	135,261	218,913	264,344	(3,241)	86,589
	<u>161,135</u>	<u>218,913</u>	<u>241,344</u>	<u>(3,654)</u>	<u>135,050</u>
Total funds	<u>231,978</u>	<u>312,363</u>	<u>376,193</u>	<u>-</u>	<u>168,148</u>

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

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020**

Purposes of restricted funds

Fairer Scotland 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 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.

Aberdeen City Council (RAFT): Funds provided to support families across Aberdeen as part of a wider contract providing children's services across the city.

Big Hopes Big Future: Funds provided to support a programme of work to help parents and children build the skills and confidence they need to be ready for the first day of school. A further balance is earmarked within unrestricted funds to support this project which has been operating in three schools in the Northfield area of the city.

Scottish Children's Lottery: Funds provided to support a specific number of families across Aberdeen.

Sanctuary: Funds provided to train and prepare volunteers to work with families who are Sanctuary tenants.

Apache: Funds provided to cover the running costs of our Rising Stars family support group.

Purposes of unrestricted funds

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).

Pension Reserve: 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.

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. The trading results of the charity shop and all other income of the charity, other than income which is attributable to a specific fund, is allocated to this account.

Earmarked balance (Big Hopes Big Future): Our aim is to develop the Big Hopes Big Future project by working with more schools in the city to support and prepare families with children due to start school in the year ahead. We have earmarked funding to assist with this work.

17 Events after the Balance Sheet date

In common with other organisations, the impact of Covid-19 took effect from late March 2020. Staff transitioned to working from home and families continued to be supported remotely. Our charity shop was closed for six months and the associated staff were placed on furlough. Other than a shift to virtual meetings and electronic authorisation arrangements, governance procedures largely continued unchanged during this period. While the level of uncertainty in the sector has increased, the board's view is that these are non-adjusting events as the impact of the pandemic has not affected the financial position reported at 31 March 2020.

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2020**

18 Operating lease commitments

	Land and buildings £	Equipment £
At the year end the charity had annual operating lease commitments as follows:		
A lease which expires in 2021	<u>25,500 pa</u>	
A temporary lease which continues to operate month to month until notice is served by either party	<u>12,000 pa</u>	
A lease which expires in 2024		<u>200 pa</u>

19 Control

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

20 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 2020 amounted to £5,396 (2019 - £6,744).