

HOME-START ABERDEEN
A company limited by guarantee No SC280851

TRUSTEES' ANNUAL REPORT
and
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

**HOME-START ABERDEEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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**HOME-START ABERDEEN
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2019.

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 2018)

Chair Anne MacDonald
Vice Chair Yvonne Wright
Vice Chair Harry Yorston – resigned 28 August 2018

Other trustees Ally Cartwright
Penny Letts – resigned 20 November 2018
Annie Slevin
Peter Stephen – resigned 20 November 2018
Wendy MacAulay
Mike Brown – appointed 28 August 2018
Rob Burnett - appointed 28 August 2018

Management team

Eleanor McEwan General Manager – appointed 3 September 2018
Georgette Cobban Scheme Manager - left 14 September 2018
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
Pauline Wells Play Worker – left 29 June 2018

Karen Milne Shop Manager
Brenda Fraser Shop Assistant

Accountants and Independent Examiners

Hall Morrice LLP, 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 211 (2018 - 205) families in which there were 378 children (2018 – 368). 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 68% (2018 - 76%) although there are also self-referrals and referrals from community groups which made up 12.5% and 2% of the 2018/19 total respectively. Our work with partner projects, RAFT and Big Hopes, Big Future (outlined below), represented 5% and 12.5% 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

The overall position for the year was a deficit of £27,407 (2018 – surplus £106,309) and is made up of a deficit on unrestricted funds of £13,600 and a deficit on restricted funds of £13,807. At 31 March 2019, the charity's funds totalled £231,978 of which £70,843 was restricted funding held for specific projects leaving £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 increased by £16,229 at 31 March 2019. Note 15 sets out a range of associated pension disclosures.

With increased pressure on government funding, there is less grant income available while demand for services continues to increase. Recognising the challenges associated with the shift in our funding environment, we appointed a development manager on a contract basis to support us in securing funding. While this has proved to be successful, many funders, who are also experiencing an increase in the applications they receive, are initially only offering annual funding. This increases the number of funding bids we need to prepare and therefore the time and effort required.

In 2017/18 a number of our multi-year funding streams came to an end which placed significant pressure on our financial position until we were able to submit a range of bids. As a result, the board consulted with staff about pay and subsequently implemented a temporary twenty percent reduction in hours and pay which operated between 1 April 2018 and 30 September 2018. With effect from 1 October 2018, staff returned to full hours and pay, although some opted to continue with part-time working.

HOME-START ABERDEEN TRUSTEES' ANNUAL REPORT (CONTINUED)

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.
- Grant from NHS Grampian Health Improvement Fund, credited to a separate restricted fund.
- Contributions from Aberdeen Primary Schools who have agreed to join our Big Hopes Big Future Project aimed at supporting children entering Primary One, credited to a separate restricted fund. In addition, other funding has been earmarked within unrestricted funds to support this project.
- A range of grants from Funds and Trusts have been secured to support core costs and have been credited to unrestricted funds e.g. The Robertson Trust, R S Macdonald and Early Years Change Fund.
- Proceeds of £18,010 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 2018/19 was approximately £380,000). At 31 March 2019, we held a reserve fund of £100,000. The board will continue to make additional contributions to the reserve fund when the financial results provide more flexibility.

Plans for future periods

The board meets every six months to review and monitor strategic objectives. Since October 2018, a range of consultation events have been undertaken with trustees, staff, families, volunteers and other stakeholders in preparation for a new Strategic Plan covering the period 2020 to 2024. The board is due to formally approve the new four year plan in November 2019 which sets 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.

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.

HOME-START ABERDEEN TRUSTEES' ANNUAL REPORT (CONTINUED)

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 health and safety, human resources and IT.

In September 2018, we welcomed a new General Manager to take forward the next chapter in Home-Start Aberdeen. She is responsible for the daily running of the scheme and is directly accountable to the Board of Trustees. In terms of operational activity, the General Manager is supported by a team leader in managing and supervising staff and volunteers. At 31 March 2019, the total the number of permanent team members including shop activities was 12 (2018: 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 and advisors from the business community and from the human resources profession.

With a re-focusing on our service delivery, we were delighted to have a social worker join the board who has lead responsibility for child protection issues. We also had a health visiting professional as one of our advisors during the year.

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.

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 now publishes an annual public performance report which sets out progress against strategic goals and a summary service analysis. A refreshed risk register was considered by the board in summer 2019. It will be considered by the finance committee on a quarterly basis and reviewed/monitored by the board on a six monthly basis.

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. Significant work has also been undertaken during the year to strengthen our IT systems and procedures. Robust back up procedures are now in place and we have obtained cyber security accreditation. These achievements have enabled us to progress our action plan in respect of General Data Protection Requirements.

We are currently assessing a replacement case management system with the aim of providing improved performance reporting information. Effective impact reporting for our funders and the wider community is essential in assisting us to attract more funds.

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

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 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. All local government pension schemes are affected including North East Scotland Pension Fund of which Home-Start Aberdeen is an admitted body. The impact on the Balance Sheet has been estimated by the actuary to be an additional pension liability of £7,229. This was considered to be a material amount and consequently, the accounts including relevant notes have been revised to reflect the additional liability. Further details are provided in Note 15 to the 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.

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 19 November 2019 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 2019 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, 19 November 2019

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

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds 2019 £	Restricted funds 2019 £	TOTAL 2019 £	TOTAL 2018 £
Income					
Donations	3	34,245	-	34,245	28,188
<i>Income from Charitable activities</i>					
Grant income	4	116,187	108,107	224,294	273,123
Fundraising		18,018		18,018	43,478
Trading activities	9	66,722	-	66,722	69,561
Investment income (interest from deposits)		483	-	483	257
Other		13,322	-	13,322	15,035
Total Income		248,977	108,107	357,084	429,642
Expenditure					
Costs of raising funds	5	101,247	-	101,247	73,106
Charitable activities	6	126,669	140,346	267,015	299,227
Interest cost in relation to pension liability		3,000	-	3,000	7,000
Pension service costs		7,229	-	7,229	2,000
Total Expenditure		238,145	140,346	378,491	381,333
Net income/(expenditure)		10,832	(32,239)	(21,407)	48,309
Actuarial gain/(loss) on defined benefit scheme		(6,000)	-	(6,000)	58,000
Net movement in funds after actuarial gain/(loss) on pension scheme		4,832	(32,239)	(27,407)	106,309
Transfers between funds		(18,432)	18,432	-	-
Net Movement		(13,600)	(13,807)	(27,407)	106,309
Reconciliation of funds					
Total funds brought forward (restated)	16-17	174,735	84,650	259,385	153,076
Total funds carried forward	17	161,135	70,843	231,978	259,385

**HOME-START ABERDEEN
BALANCE SHEET**

AT 31 MARCH 2019

		2019 £	2018 £
Fixed Assets			
Tangible Assets - Equipment	12	3,885	5,020
		<u>3,885</u>	<u>5,020</u>
Current assets			
Debtors	13	96,935	74,966
Investments		63,302	62,820
Cash at bank		269,119	290,895
		<u>429,356</u>	<u>428,681</u>
Liabilities:			
Creditors: amounts due within one year	14	(33,034)	(22,316)
Net current assets		<u>396,322</u>	<u>406,365</u>
Net Assets excluding pension liability		<u>400,207</u>	<u>411,385</u>
Defined benefit pension scheme liability	15	(168,229)	(152,000)
Total Net Assets		<u>231,978</u>	<u>259,385</u>
Restated			
The funds of the charity:			
Restricted income funds	16-17	70,843	84,650
Unrestricted funds		282,364	279,735
Pension Reserve		(121,229)	(105,000)
Total unrestricted reserves	16-17	<u>161,135</u>	<u>174,735</u>
Total charity funds		<u>231,978</u>	<u>259,385</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 8 to 20 were approved by the Board of Trustees on 19 November 2019 and were signed on its behalf on that date by:



Anne MacDonal
Treasurer

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2019**

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 2019 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) 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 2019**

(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 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, 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 2019, 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 2019**

(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 £34,245 (2018 - £28,188), 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 2019**

4 Income from charitable activities: grant income

	Unrestricted	Restricted	Total 2019	Total 2018
	£	£	£	£
Aberdeen City Council – Fairer Scotland Fund	-	31,014	31,014	31,014
Aberdeen City Council – RAFT	-	30,000	30,000	17,500
Aberdeen City Council – Social Care	-	-	-	26,490
Early Years Change fund	48,487	-	48,487	75,000
NHS Grampian – Health Improvement Fund	-	37,500	37,500	36,000
The Robertson Trust	20,000	-	20,000	25,000
Big Hopes Big Future	18,700	4,600	23,300	18,995
RS Macdonald	25,000	-	25,000	-
Big Lottery Fund	-	-	-	30,600
Awards for All	-	-	-	9,524
Other	4,000	4,993	8,993	3,000
	<u>116,187</u>	<u>108,107</u>	<u>224,294</u>	<u>273,123</u>

In 2018, £64,014 was attributable to Unrestricted Funds and £209,109 to Restricted Funds.

	Unrestricted	Restricted	Total 2019	Total 2018
	£	£	£	£
5 Cost of raising funds				
Fundraising	43,922	-	43,922	18,112
Charity shop trading costs (note 9)	57,325	-	57,325	54,994
	<u>101,247</u>	<u>-</u>	<u>101,247</u>	<u>73,106</u>

In 2018, £73,106 was attributable to Unrestricted Funds.

	Unrestricted	Restricted	Total 2019	Total 2018
	£	£	£	£
6 Expenditure on charitable activities				
Staff costs	74,566	115,562	190,128	223,416
Co-ordinators' training and expenses	1,437	3,340	4,777	6,236
Volunteers' training and expenses	3,387	2,867	6,254	6,966
Public Relations and Communication	8,216	2,176	10,392	7,967
Rent, Rates and Water Charges	22,137	8,690	30,827	34,864
Insurance	998	50	1,048	1,006
Other property expenses	1,927	-	1,927	770
IT maintenance	1,804	1,159	2,963	1,768
Telephone and Internet	439	1,364	1,803	2,646
Cleaner's wages	1,825	100	1,925	1,990
Postages	45	428	473	700
Other office expenses	1,830	1,371	3,201	3,481
Membership fees	100	-	100	280
Home-Start UK fee	3,920	2,824	6,744	4,460
Depreciation	1,421	363	1,784	1,654
Governance costs (Note 7)	1,991	-	1,991	(592)
Miscellaneous	626	52	678	1,615
	<u>126,669</u>	<u>140,346</u>	<u>267,015</u>	<u>299,227</u>

In 2018, £104,908 was attributable to Unrestricted Funds and £194,319 to Restricted Funds.

**HOME-START ABERDEEN
NOTES ON FINANCIAL STATEMENTS
31 MARCH 2019**

	Unrestricted	Restricted	Total 2019	Total 2018
	£	£	£	£
7 Governance costs				
Trustees' training and expenses	261	-	261	248
Independent Examiners' fee	1,300	-	1,300	1,440
Actuary's fee	430	-	430	(2,280)
	<u>1,991</u>	<u>-</u>	<u>1,991</u>	<u>(592)</u>

In 2018, £(820) was attributable to Unrestricted Funds and £228 to Restricted Funds.

8 Employee costs

	Total 2019	Total 2018
	£	£
The following employee costs (covered in Notes 5, 6 and 9) were incurred during the period:		
Wages and salaries	186,151	213,985
Social security costs	13,100	16,193
Pension contributions	21,834	27,853
	<u>221,085</u>	<u>258,031</u>
Pension Adjustment (Note 15)	7,229	2,000
	<u>228,314</u>	<u>260,031</u>

The average number of employees during the period, calculated on the basis of full time equivalents, was 8 (2018 – 8). No employee was paid more than £60,000 per annum.

9 Charity Shop Trading Account

	2019		2018	
	£	£	£	£
Income				
Shop Takings	66,722		69,561	
Other Income	4,883		4,287	
Total Income		71,605		73,848
Operating Costs				
Salaries	31,111		29,218	
Shop supplies and sundries	4,529		2,577	
Volunteers Expenses	425		221	
Rent, Rates and Water Charges	15,015		15,331	
Insurance, Heat and light	2,741		3,349	
Other property costs	2,048		2,382	
Advertising	-		99	
Telephone	848		1,119	
Other office costs	608		698	
		<u>57,325</u>		<u>54,994</u>
Surplus from trading activities		<u>14,280</u>		<u>18,854</u>

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10 Trustee remuneration

No trustee received any remuneration during the period. Two trustees were reimbursed for expenses which amounted to £659 (2018 - £232) analysed as follows: gifts to trustees/scheme manager on resignation £275 and miscellaneous costs incurred in arranging our annual afternoon tea event £384.

11 Independent examiner's remuneration

The independent examiner's remuneration constituted an independent exam fee of £1,300 (2018 - £1,440).

12 Tangible Fixed Assets

	2019 Furniture £	2019 Equipment £	2019 Total £
Cost			
At 1 April 2018	3,470	7,292	10,762
Additions	-	649	649
At 31 March 2019	3,470	7,941	11,411
Depreciation			
At 1 April 2018	2,082	3,660	5,742
Charge for year	694	1,090	1,784
At 31 March 2019	2,776	4,750	7,526
Net Book Value at 31 March 2019	694	3,191	3,885
Net Book Value at 31 March 2018	1,388	3,632	5,020

13 Debtors

	Total 2019 £	Total 2018 £
Aberdeen City Council – Social Care Grants	2,500	5,263
Prepayments and accrued income	19,785	16,153
Other debtors	74,650	53,550
	96,935	74,966

In 2019, £94,435 (2018 £73,716) of Debtors related to Unrestricted Funds and £2,500 (2018 £1,250) related to Restricted Funds.

14 Creditors

	Total 2019 £	Total 2018 £
Trade creditors	12,551	2,073
Accruals and deferred income	20,483	20,243
	33,034	22,316

In 2019, £25,428 (2018 £13,370) of Creditors related to Unrestricted Funds and £7,606 (2018 £8,946) 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.

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. 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 2019 was as follows:

	2019 £	2018 £
Present value of funded liabilities	567,000	517,000
Fair value of employer's assets	(406,000)	(365,000)
Net liability/pension deficit	161,000	152,000

In addition, a provision of £7,229 has been included which represents an estimate of the additional pension liability likely to arise as a result of the McCloud judgement. This is explained further in Note 18. The combined net pension liability in the Balance Sheet is therefore £168,229 (being the net pension deficit of £161,000 and the provision of £7,229).

Movement in present value of defined obligation

	2019 £	2018 £
At start of year	517,000	546,000
Current service cost	15,000	22,000
Interest cost	13,000	16,000
Contribution by members	3,000	4,000
Actuarial losses/(gains)	26,000	(64,000)
Benefits paid	(7,000)	(7,000)
At 31 March 2019	567,000	517,000

Movement in fair value of employer's assets

	2019 £	2018 £
At start of year	365,000	345,000
Interest income on plan assets	10,000	9,000
Contribution by members	3,000	4,000
Contribution by employers	15,000	20,000
Remeasurements	20,000	(6,000)
Benefits paid	(7,000)	(7,000)
At 31 March 2019	406,000	365,000

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

	2019	2018
	£	£
Current service cost	15,000	22,000
Interest cost	3,000	7,000
Actuarial loss/(gain) on NESPF	6,000	(58,000)
At 31 March 2019	24,000	(29,000)
	2019	2018
	£	£
Actuarial loss/(gain) on movement in present value of defined benefit obligation	26,000	(64,000)
Actuarial loss/(gain) on movement in fair value of employer assets	(20,000)	6,000
Actuarial loss/(gain) during the year	6,000	(58,000)

Fair value of employer assets and return on those assets

	2019	2018
	£	£
Equities	246,000	230,000
Bonds	36,000	33,000
Property	30,000	27,000
Cash	15,000	10,000
Other	79,000	65,000
At 31 March 2019	406,000	365,000

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

	2019	2018
	%	%
Inflation/pension increase rate	2.2	2.1
Salary increase rate	3.7	3.7
Discount rate	2.4	2.6

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:

	2019 Males Years	2019 Females Years	2018 Males Years	2018 Females Years
Current pensioners	22.9	25.0	22.7	24.9
Future pensioners	25.8	28.1	25.6	27.9

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

	NEST 2019	NESPF 2019	Total 2019	NEST 2018	NESPF 2018	Total 2018
	£	£	£	£	£	£
Employee contributions	4,881	2,637	7,518	5,153	4,372	9,525
Employer contributions	7,260	14,574	21,834	8,064	19,789	27,853
	12,141	17,211	29,352	13,217	24,161	37,378

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16 Prior year adjustments

	2011/12 £	Restated 2012/13 £	Restated 2013/14 £	Restated 2014/15 £	Restated 2015/16 £	Restated 2016/17 £	Restated 2017/18 £
Restricted funds							
NHS Health Development							
Balance per approved accounts at 31 March 2012	25,051						
Adjustment to include a reasonable share of overheads in line with project plan	1,672	2,705	7,420	5,477			
Transfer balance to Health Improvement Fund				2,565			
Restated fund balance at 31 March	23,379	29,825	29,129	-			
NHS Health Improvement Fund							
Balance per approved accounts at 31 March 2014			46,440				
Adjustment to include a reasonable share of overheads in line with project plan			7,411	2,475	6,886	-	6,945
Transfer from Health Development				2,565			
Restated fund balance at 31 March			39,029	50,779	54,428	42,230	54,666
Unrestricted fund							
Balance per approved accounts at 31 March 2012	53,160						
Adjustment – transfer of overheads above	1,672	2,705	14,831	7,952	6,886	-	6,945
Restated fund balance at 31 March	54,832	96,491	176,078	221,802	234,335	81,745	174,735

NHS Grampian provided funding in respect of both the Health Development and Health Improvement Funds. Actual costs originally charged to these funds included front line service delivery costs. Management support and supervision costs and a share of the organisation's overheads had also been anticipated costs in the project plans but these had not been allocated to the funds when accounting for the actual costs. These costs had been charged to unrestricted funds but had not been re-allocated to restricted funds. The prior year adjustments therefore show appropriate transfers from unrestricted funds to restricted funds to reflect a reasonable share of management and overhead costs in accordance with those initial project plans. In total terms, unrestricted funds have increased by £40,991 and restricted funds reduced by £40,991 to reflect the additional costs charged against Health Development £17,274 and Health Improvement £23,717. There is no impact on the total funds held by the charity at 31 March 2018.

The key aim of the Health Development funding was to provide support to families on cooking and nutrition while the Health Improvement Fund was aimed at providing wider training and promotion of healthy eating and nutrition. We continue to undertake similar work under the banner of 'Recipe for Life' which continues to be funded by NHS Grampian's Health Improvement Fund. Due to the interrelated nature of the work, it was considered appropriate to transfer the small remaining restated balance from the Health Development Fund to the Health Improvement Fund at 31 March 2015.

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17 The funds of the charity

	Restated At start of period £	Incoming resources £	Outgoing resources £	Transfers £	At end of period £
Restricted funds					
Fairer Scotland Fund	-	31,014	31,557	543	-
NHS Health Improvement Fund	54,666	37,500	21,323	-	70,843
Early Years' Fund	23,080		37,286	14,206	-
Aberdeen City Council (RAFT)	-	30,000	30,086	86	-
Big Hopes Big Futures	6,904	4,600	15,101	3,597	-
Charities' Aid Foundation		4,993	4,993	-	-
	84,650	108,107	140,346	18,432	70,843
Unrestricted funds					
Reserve fund	100,000			-	100,000
Pension Reserve	(105,000)	-	16,229	-	(121,229)
Property Fund	32,000	-	-	-	32,000
Earmarked Reserve (BHBF)	-	18,700	-	(3,597)	15,103
Mainline	147,735	230,277	227,916	(14,835)	135,261
	174,735	248,977	244,145	(18,432)	161,135
Total funds	259,385	357,084	384,491	-	231,978

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

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.

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

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. This restricted funding ceased at 31 March 2018. Funding received from the Early Years' Change Fund in 2018/19 was a final contribution by the Fund towards core activities and has been treated as unrestricted funding.

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. Further balances have been earmarked within unrestricted funds to support this project which is currently operating in three schools in Northfield area of the city.

Charities' Aid Foundation: Funds provided to support the scheme manager/general manager in contributing to children and young people networks in the city including child protection and other third sector forums.

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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. In preparation for this work, we have earmarked certain funding already received.

18 Events after the Balance Sheet date

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. All local government pension schemes are affected including North East Scotland Pension Fund. As this was deemed a potential adjusting post balance sheet event, an estimate was obtained from the Pension Fund's actuary of the costs involved in compensating affected members of Home-Start's pension scheme. The impact on the Balance Sheet has been estimated to be an additional pension liability of £7,229. This was based on costings provided by the Government Actuary's Department. The accounts including relevant notes have been revised to reflect the additional liability as a provision.

19 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 2020	<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>

20 Control

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

21 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 2019 amounted to £6,744 (2018 - £4,460).