



VOLUNTARY HEALTH SCOTLAND
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

CHARITY NO: SC035482

COMPANY NO: SC267315

WHITELAW WELLS

Chartered Accountants & Registered Auditors
9 Ainslie Place
Edinburgh
EH3 6AT

VOLUNTARY HEALTH SCOTLAND
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

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VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2016

DIRECTORS' REPORT

The Directors, who are trustees for the purposes of charity law, have pleasure in presenting their report for the year to 31 March 2016.

OBJECTS AND ACTIVITIES

The objects of the company, as set out in the governing document, are to preserve, protect and promote the health of people living in Scotland, and to assist in the relief of ill health and the provision of health education for people living in Scotland; and in particular through:

1. Establishing strategic partnerships between voluntary and statutory sectors at all levels for health improvement and health care in Scotland;
2. Strengthening and supporting the voluntary health sector in Scotland;
3. Mapping, defining and promoting the capacity and contribution of the voluntary health sector to health improvement and health care in Scotland; and
4. Promoting best practice in the assessment of health need and in the planning, delivery and monitoring of services.

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5. Establishing strategic partnerships between voluntary and statutory sectors at all levels for health improvement and health care in Scotland;
6. Strengthening and supporting the voluntary health sector in Scotland;
7. Mapping, defining and promoting the capacity and contribution of the voluntary health sector to health improvement and health care in Scotland; and
8. Promoting best practice in the assessment of health need and in the planning, delivery and monitoring of services.

In practice, VHS is the national intermediary and network for voluntary health organisations in Scotland and works with a wide range of stakeholders from the voluntary, community and third sector, Scottish Government, NHS, other public sector and academia. The company's members are diverse, ranging from large national charities to local, community based organisations. The company also has associate members who are individuals across different sectors who support VHS's work.

In April 2015 VHS instigated a dynamic new strategy for its vision, mission and strategic priorities for the three year period 2015-18. VHS's mission is clearly stated: to promote greater recognition of the voluntary health sector and support it to be a valued and influential partner in health and care.

VHS's three strategic priorities are to:

1. Promote greater recognition of the role of voluntary health organisations
2. Support voluntary health organisations to build their understanding of health agendas so as to play an active part
3. Influence change in policy and practice, by providing a bridge between the voluntary health sector, decision makers and public services

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DIRECTORS' REPORT

Activities and associated outcomes designed to deliver the strategic priorities are set out in VHS's year to year operational plans and are currently grouped under seven headings:

1. **Engagement and Partnerships** - that maximise the voluntary health sector's collective impact & supports wider engagement
2. **Evidence Building** – that promotes members' contribution to health agendas
3. **Policy Influencing** – that supports members to engage with policy & have a platform for their voice to be heard
4. **Communications and Knowledge Transfer** – that raise awareness & share knowledge across the VHS network
5. **Building a Strong Network** – growing and developing the membership as a dynamic, interactive and mutually supportive network
6. **Resources & Development** – that equip members with new skills, ideas and learning
7. **Effectiveness and Excellence** – in VHS' governance and in the delivery of its work

ACHIEVEMENTS AND PERFORMANCE

Engagement and partnership

VHS worked continually to engage voluntary health organisations in cross-sectoral dialogue, knowledge exchange and learning. VHS held a wide range of engagement events and published Key Messages reports to share discussion and learning more widely.

A successful example of this was the collaboration with senior auditors at Audit Scotland who approached VHS for assistance in engaging with the third sector ahead of publishing their first audit of health and social care integration. VHS organised a round table discussion between Audit Scotland and members of the Third Sector Health and Social Care Advisory Group in October 2015, and coordinated a joint statement from the Group when Audit Scotland published its report in December. In January and February 2016 VHS held two lively and well-received seminars in Glasgow and Edinburgh. These enabled Audit Scotland to engage with a much wider third sector audience, with the focus on exploring what questions Audit Scotland could usefully ask in future audits of health and social care integration. VHS also arranged for Audit Scotland to engage with carers, through a joint input at the Carers Trust annual conference in March 2016. Key Messages were published from all these engagement events in order to reach additional audiences.

VHS collaborated extensively, whenever the opportunity arose to promote greater recognition of the voluntary health sector. *Working Towards a Collaborative Culture* was an Equal Partners event organised by VHS, ACOSVO and Children in Scotland in April 2015, enabling 65 participants to explore cross-sectoral opportunities for public service and assets based collaboration. In June 2015 VHS held a Mental Health Focus Group with twelve voluntary health organisations to explore what is needed to secure good mental health for all. In November VHS arranged for Jamie Hepburn MSP, then Minister for Mental Health, Health Improvement and Sport to meet staff, service users and volunteers at COPE Scotland in Drumchapel. This followed VHS's successful nomination of COPE's CEO Hilda Campbell to be a founding member of the Health Foundation's UK Quality Initiative. In February 2016 VHS collaborated with NHS Health Scotland to present a marketplace stand and workshop: *Delivering a Fairer Healthier Scotland* at The Gathering in Glasgow. Also in February, VHS chaired the Scottish Summit on Smoking and Mental Health for the Scottish Tobacco-Free Alliance. An active contributor to the *Drink Wise, Age Well* Scotland Advisory and Impact Board, VHS supported health charity Addaction to promote this Big Lottery funded programme which is delivering and evaluating interventions to tackle problem drinking in the older population. VHS also input to Evaluation Support Scotland's new health and social care integration programme *Threading the Needle*, through its membership of the programme reference group.

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DIRECTORS' REPORT

Evidence building

The VHS report *Living in the Gap: a voluntary sector perspective on health inequalities in Scotland* was the keystone to VHS's health inequalities work throughout the year. Following the report's very successful launch event in the Scottish Parliament in March 2015, VHS set out to promote its findings to as wide an audience as possible, the objective being to stimulate thinking and debate about the third sector's contribution to tackling health inequalities. In June 2015, VHS exhibited its poster version of *Living in the Gap* at the NHS Scotland Annual Event in Glasgow, where it won the Poster Award in the category *Improving the Health of the Population*, the only third sector poster in that category. A very well received programme of seminars ran in Edinburgh, Glasgow and Dundee between June and October, with a Kitchen Cabinet round table discussion in August 2015. Key Messages reports were published. Presentations were given to additional audiences, including the Cross Party Groups on Diabetes and Health Inequalities, East Dunbartonshire Voluntary Action, Queen's Nursing Institute Scotland and Inverclyde Voluntary Action.

In November 2015, VHS drew this work together with its members in a major conference in Edinburgh. *Closing the Gap: Making Health Inequalities Everyone's Business*.

Policy influencing

VHS focused as strategically as possible on four key policy themes this year: public health, health inequalities, health and social care integration and mental health.

VHS contributed actively to the Scottish Government Public Health Review Group, delegating representation on the Group to VHS member Grant Sugden, Chief Executive of Waverley Care. The VHS contribution included presentation on the role of third sector as key partners in public health, at the Review Group's meeting in May 2015. In March 2016 VHS produced a briefing paper for voluntary health organisations on the outcome of the review and held a Sounding Board for 44 delegates at which Gareth Brown, Acting Head of Health Protection in the Scottish Government, presented. VHS also contributed a third sector perspective on public health through its membership of the Scottish Public Health Network Advisory Group and as a presenter at the Faculty of Public Health's annual Scottish conference *Securing Scotland's Public Health* in November. Taking a wider view on public health, VHS contributed to the national Strategy Group convened by Carnegie UK Trust to develop A National Strategy for Scotland's Libraries, a report that emphasises the contribution of libraries to people's wellbeing. VHS was also active in the Scottish Government Implementation Action Group on Health Literacy, whose activity included the collaborative UK conference *Health Literacy at the Deep End: Addressing Health Inequalities* in March 2016.

Alongside its *Living in the Gap* work, VHS was appointed as the Secretariat of the Scottish Parliament Cross Party Group on Health Inequalities in June 2015. During the remaining nine months of the Parliamentary session VHS worked with the co-convenors Murdo Fraser MSP and Malcolm Chisholm MSP to organise three very well received meetings, in September, November and February. Speakers and discussion focused on the relationship between health inequalities, housing homelessness, health and social integration, and provided a platform to air new research. VHS increased the membership and profile of the Group and substantially increased attendance at meetings, bringing together voluntary and public health sector and academia.

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The collaboration between Audit Scotland, VHS and an extensive group of voluntary health organisations was an ongoing and positive endeavour to assist Audit Scotland in its planning of future audits of health and social care integration. This work is described more fully in the section above on Engagement and Partnerships.

In June 2015 VHS convened a Mental Health Focus Group with twelve voluntary health organisations, to consider what is needed to secure good mental health for all. In March 2016 VHS engaged the Scottish Government in discussion about the wider role of the voluntary health sector in fostering good mental health, emphasising the crucial role of smaller voluntary organisations in particular, and asking that cognisance of their role be part of forthcoming mental health strategy. Also during the year VHS was appointed to the Forensic Network School Governance Committee to provide a voluntary health sector voice and established a partnership with the Open University and Support in Mind Scotland, designed to promote evidence about the relationship between social support and mental health.

Building a strong network

VHS ended the year with 391 full and associate members, an increase of 85 over the numbers 12 months previously. VHS's wider network and distribution list across sectors numbered over 1,000 contacts. The VHS three year strategy emphasised that active involvement of members in a dynamic network must be a key activity. During the year VHS embedded and improved its systems for seeking the active engagement of voluntary health organisations. For example, event feedback forms now routinely ask participants if they wish to write a blog, speak or volunteer at an event, invite VHS to speak at their event, join VHS if not members, and/or work with VHS in other ways.

VHS also implemented more systematic ways of following up the resultant offers of support or requests for help. In April 2015 VHS supported Action on Smoking and Health Scotland to survey VHS members on their interest in issues of mental health and smoking. In August 2015 VHS contributed to a Faith in Older People focus group to help them stock take and start to scope their future strategy. The 2015 Annual Conference, *Closing the Gap*, actively involved VHS members in shaping and contributing to the programme, as speakers, volunteers, exhibitors or facilitators. The 2016 Annual Conference, *Loneliness: A Threat to Scotland's Health*, will build on this approach, engaging a Kitchen Cabinet of voluntary health organisations to help shape and deliver key aspects of the event.

Sharing knowledge

In addition to its face to face engagement with stakeholders, VHS shared a wide range of news and intelligence via its e-bulletin, e-alerts, social media channels and website. The popular e-bulletin was distributed monthly to over 1,000 contacts, providing both a channel to communicate health policy news and a platform to promote awareness of the voluntary health sector. The VHS website was reviewed and completely redeveloped to reflect the new three year strategy and to provide a more functional and responsive channel of communication. VHS's significantly extended its use of social media as a communication tool, particularly as a means of enhancing discussion at its events.

Resources and development

By April 2015 twenty-six voluntary health organisation leaders had completed the VHS programme *Learning to Lead in Health 2*. The six day version of the health leadership development programme was delivered in both Glasgow and Edinburgh and evaluation was very positive

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DIRECTORS' REPORT

Reports on the *Knowing Me Knowing You 2* learning exchanges were published, to share the learning from the three cross-sectoral events in Glasgow and Edinburgh and Drumchapel that had taken place in March 2015. This concluded the three year learning exchange partnership between VHS, Community Food and Health Scotland and Community Health Exchange (CHEX).

VHS continued its active membership of the National Advisory Group on Volunteering in NHS Scotland. Following the publication of Professor Kate Lampard's report into volunteering in hospital trusts in England, VHS set out to scope any implications for Scottish charities. Working closely with Scottish Health Council, VHS disseminated a briefing paper and held a Sounding Board in July 2015, engaging eight charities that deploy volunteers in hospital settings in discussion with the Scottish Health Council and Scottish Government. In January 2016 the Scottish Government offered funding to VHS to establish *Clear Pathway: Volunteering in NHS Scotland*, a 12 month project to bring third sector and NHS together to enhance third sector led volunteering in NHS settings and develop guidance for health boards.

Effectiveness and Excellence

VHS strove to demonstrate effectiveness and excellence in the planning and delivery of all its work, including its systems and governance. The year started with the publication of the Board's new three year strategy, presented in a visual format that was commented on by a wide range of stakeholders as an excellent model of a strategy. The strategy was underpinned by a one year operational plan linking activities to outcomes and performance indicators. During the year a communications strategy was also developed, the new Salesforce CRMS fully implemented, and IT systems were transferred to a more cost-effective provider in the third sector. The Board of Trustees held four business meetings and a development day. An Annual General Meeting for members was held on 11th November. The small staff team were supported to do their job through regular support and supervision, team meetings, a staff away day, annual performance reviews, and individual development plans.

FINANCIAL REVIEW

The results for the year and the company's financial position at the end of the year are shown in the attached financial statements. The charity recorded an overall surplus of £21,216 for the year (2015: deficit £19,791). There was a surplus of £542 (2015: £8,153) on unrestricted funds.

These financial statements have been prepared for the first time under the new UK Accounting Standard FRS102 and the corresponding new Charities FRS102 SORP. As described at note 1(h), under the new regime the charity is required to provide in full for pension scheme deficit catch-up payments, which are set out at note 15. The comparative figures for 2015 have also been restated as if the provision was in place as at 1 April 2014 and a designated fund has been created for the liability at note 12. The overall surplus for the year, as stated above, is inclusive of a £13,158 deficit on the pension provision and the total pension liability as at the year-end was £95,134. Under the current payment plan, the liability is payable in instalments over the next fourteen years.

The company's principal funding during the year came by way of grants from the Scottish Government and NHS Health Scotland.

Reserves policy

The charitable company wishes to follow best practice and build up free reserves to a level that would cover three months' operating costs, which is around £60,000 to £65,000. Free reserves as at 31 March 2016, being unrestricted non designated funds, were £58,996 (2015: £50,643).

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Risk Management

As part of ongoing risk management, the company carried out the following during the period:

- Continued preparatory work towards its February 2017 staging date for meeting the Pensions Regulator's auto-enrolment requirements
- Reviewed the company's insurance policies
- Joined other charities in a feasibility study commissioned by SCVO to consider potential options concerning Pensions Trust liabilities

The annual review of the Risk Register was undertaken by the Board at its meeting on 14th May 2015.

PLANS FOR FUTURE PERIODS

VHS has the continued financial support of the Scottish Government and NHS Health Scotland for 2016/17 and will work to maintain this support for future years.

Looking ahead to 2016/17, VHS will implement Year 2 of its three year strategy and carry out an operational plan of work focused on achieving agreed outcomes. It will work to better understand voluntary health organisations and serve their needs, conducting and reporting on a new membership survey. It will further develop its engagement and events programmes and its public affairs and communications work. It will continue to focus strongly on the themes of health inequalities, health and social care integration, public health and mental health. It will deliver a high profile conference on Loneliness: A Threat to Scotland's Health (November 2016). It will strengthen third sector and NHS understanding and collaboration through its project *Clear Pathway*. It will conduct a scoping exercise for the Scottish Government on the voluntary health sector's contribution to Community Links Worker ways of working.

The Board will continue to closely monitor the pension deficit and consider all options for reducing it.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

VHS was incorporated on 3 May 2004 and obtained charitable status on that date. The charity had previously operated (from 2000) as a project within the Scottish Council for Voluntary Organisations, set up in 2000, but commenced its operation as an independent charitable company limited by guarantee on 1 July 2004. The company was established under a Memorandum of Association, which sets out the objects and powers of the company, and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Election and co-option of Directors

The company's Directors act in a voluntary, unpaid capacity to provide strategic direction for the organisation and to undertake the obligations of charity trustees and company directors. The Articles of Association set out the terms for the appointment of Directors. Elected Directors may be appointed by the company's full members at the AGM and/or by the Directors. Co-opted Directors may be appointed and re-appointed by the Directors. A maximum of ten elected Directors is allowed and a maximum of three Co-opted Directors. The terms of office that the different categories of Directors may serve are set out in the Articles. The Directors of the company are also charity trustees for the purposes of charity law and together form the Board of Directors.

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2016

DIRECTORS' REPORT

One Director resigned during the year, Magali Redding. The nine remaining Directors were reappointed to the Board at the AGM on 11th November 2015. A new Director was appointed at the AGM, Allan Johnstone. A further Director was co-opted in February 2016, Karen Sutherland. There were no changes in officer bearers during the year: Lorna Hunter continued as Chair, Allyson McCollam as Vice Chair and Frances Simpson as Treasurer.

Induction and conduct of Directors

The two new Directors received comprehensive information to assist them to understand their remit and responsibilities. The written information includes the company's Memorandum and Articles of Association, the operational work plan, the company's most recent Report and Financial Statement, the Charity Trustee Guidance issued by the Office of the Scottish Charity Regulator and the company's Trustees Code of Practice.

As well as attending four business meetings and a Board development day, Directors participated actively in VHS and member organisation events. Several Directors were involved in shortlisting and interviewing for VHS staff appointments.

Organisational structure and resourcing

VHS is a growing membership organisation, with 391 members as at 31st March 2016. Members range from large national charities to local community based organisations. Full membership is open to voluntary sector organisations concerned with the improvement of health and/or health care. Details of these members are provided on the company's website. Associate membership is open to other types of organisations and individuals, in any sector, who support the charity's aims and activities.

The Edinburgh based staff resource varied this year between four and six staff, which included a paid internship.

The company's Chief Officer is Claire Stevens. The Chief Officer is the Company Secretary and responsible for leadership and day to day operations, reporting to the Board of Directors. The Membership and Administrative Officer is Alison Crofts, with responsibilities including financial administration. Lauren Blair is Programme Engagement Officer, responsible for VHS events and external engagement. Catherine Ronald replaced Alan McGinley as Policy Engagement Officer in December 2015. Towards the end of the financial year, Development Officer Lesley Munro took on the new role of Project Manager for the *Clear Pathway* project and Sian Thomas joined the company as Digital Communications Assistant.

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YEAR ENDED 31 MARCH 2016

DIRECTORS' REPORT

REFERENCE AND ADMINISTRATIVE INFORMATION

Company Number
SC267315

Charity Number
SC035482

Directors

Lorna Hunter	Chair
Allyson McCollam	Vice Chair
Frances Simpson	Treasurer
Alan Cowan	
Norman Craig	
Allan Johnstone	(appointed 11 November 2015)
Billy McClean	
Magali Redding	(resigned 25 June 2015)
David Robertson	
Eric Samuel	
Karen Sutherland	(appointed 11 February 2016)
Margaret Totten	

Staff Team

Claire Stevens	Chief Officer
Lauren Blair	Programme Engagement Officer
Alison Crofts	Membership and Administrative Officer
Lesley Munro	Project Development Officer
Catherine Ronald	Policy Engagement Officer
Sian Thomas	Digital Communications Assistant

Company Secretary

Claire Stevens

Registered Office and Operational Address

Mansfield Traquair Centre
15 Mansfield Place
Edinburgh EH3 6BB

Independent Examiner

David Main
Whitelaw Wells Chartered Accountants
9 Ainslie Place
Edinburgh EH3 6AT

Bankers

Unity Trust Bank
9 Brindleyplace
Birmingham B1 2HG

Solicitors

Burness
242 West George Street
Glasgow G2 4QY

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YEAR ENDED 31 MARCH 2016

DIRECTORS' REPORT

DIRECTORS AND THEIR RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

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

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and in accordance with the special provisions of Part 15 of the Companies Act 2006.

Approved by the Board of Directors on 27 September 2016 and signed on their behalf by:



Lorna Hunter
Chair, VHS

VOLUNTARY HEALTH SCOTLAND

YEAR ENDED 31 MARCH 2016

INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS

I report on the accounts for the year ended 31 March 2016 as set out on pages 11 to 24.

Respective responsibilities of the Trustees and the Independent Examiner

The charity's Trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's Trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Charities Accounts (Scotland) Regulations 2006 (as amended) 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 Charities Accounts (Scotland) Regulations 2006 (as amended). 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 seeking 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, Regulation 4 of the 2006 Accounts Regulations (as amended) and section 386, 387, 477 and 482 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations (as amended)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.



David Main
Whitelaw Wells Chartered Accountants
9 Ainslie Place
Edinburgh, EH3 6AT

27 September 2016

VOLUNTARY HEALTH SCOTLAND

**STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT**

YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted Funds £	Restricted Funds £	2016 Total £	2015 Total £
Income from:					
Charitable activities	2	13,622	226,577	240,199	238,095
Investments		326	-	326	437
Total		13,948	226,577	240,525	238,532
Expenditure on:					
Charitable activities	3	8,777	199,310	208,087	254,775
Total		8,777	199,310	208,087	254,775
Net income/(expenditure)		5,171	27,267	32,438	(16,243)
Transfers between funds	12	6,593	(6,593)	-	-
Actuarial losses	15	(11,222)	-	(11,222)	(6,442)
Net movement in funds	4	542	20,674	21,216	(22,685)
Reconciliation of funds:					
Total funds brought forward		(36,133)	54,888	18,755	41,440
Total funds carried forward	12	(35,591)	75,562	39,971	18,755

The charity has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the charity are classed as continuing.

The notes on pages 14 to 24 form part of these financial statements.

VOLUNTARY HEALTH SCOTLAND

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible fixed assets	7		547		993
Current assets					
Debtors	8	1,093		3,168	
Cash at bank and in hand		231,102		219,951	
		<u>232,195</u>		<u>223,119</u>	
Current liabilities					
Creditors: amounts falling due within one year	9	(97,637)		(116,788)	
Provision for liabilities due within one year	15	(6,889)		(6,593)	
		<u></u>		<u></u>	
Net current assets			127,669		99,738
			<u></u>		<u></u>
Total assets less current liabilities			128,216		100,731
Provision for liabilities due in more than one year	15		(88,245)		(81,976)
			<u></u>		<u></u>
Net assets	13		39,971		18,755
			<u><u></u></u>		<u><u></u></u>
Funds					
Unrestricted funds: General fund			58,996		50,643
Designated funds			(94,587)		(86,776)
Restricted funds			75,562		54,888
			<u></u>		<u></u>
	12		39,971		18,755
			<u><u></u></u>		<u><u></u></u>

The Directors are satisfied that the charitable company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477 and that no member or members have requested an audit pursuant to section 476 of the Act. The Directors acknowledge their responsibility for:

- (i) ensuring that the charitable company keeps proper accounting records which comply with sections 386 and 387 of the Act; and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Act.

Approved by the Board on 27 September 2016 and signed on its behalf by:



Lorna Hunter, Chair

The notes on pages 14 to 24 form part of these financial statements.

VOLUNTARY HEALTH SCOTLAND

STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2016

	2016	2015
	£	£
CASH FLOW STATEMENT		
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	10,825	(12,138)
Cash flows from investing activities:		
Interest received	326	437
Purchase of property, plant and equipment	-	(763)
Change in cash and cash equivalents in the year	11,151	(12,464)
Cash and cash equivalents at the beginning of the year	219,951	232,415
Cash and cash equivalents at the end of the year	231,102	219,951
RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(expenditure) for the year		
<i>(as per the Statement of Financial Activities)</i>	32,438	(16,243)
Adjustments for:		
Depreciation charge	356	446
Interest received	(326)	(437)
Loss on sale of fixed assets	90	31
(Increase)/decrease in debtors	2,075	482
Increase/ (decrease) in creditors	(13,808)	3,583
Net cash used in operating activities	10,825	(12,138)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Instant access bank deposits	231,092	219,941
Cash in hand	10	10
Total cash and cash equivalents	231,102	219,951

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

1. Accounting policies (continued)

(e) Operating lease agreements

Rentals applicable to operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged against the Statement of Financial Activities on a straight line basis over the life of the lease.

(f) Funds

Unrestricted funds are incoming resources received for the objects of the charity without further specified purpose and are available for use at the discretion of the directors.

Designated funds are unrestricted funds allocated by the Directors for a particular purpose.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure meeting these criteria is charged to the fund.

(g) Pensions

The Charity is a participating employer in The Pensions Trust Scottish Voluntary Sector Pension Scheme ("The Scheme"), which provided benefits based on final pensionable pay. The Scheme closed to future accrual on 31 March 2010. The assets of the Scheme are held separately from those of the charity. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the charity in the year.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the shares of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer Scheme where the Scheme assets are co-mingled for investment purposes and benefits are paid from total Scheme assets. Consequently the Board of Trustees have followed the FRS102 requirement to account for the contributions to the scheme as if it were a defined contribution scheme and to include on the balance sheet a provision for the present value of the deficit reduction payment plan.

The Charity now provides pension contributions for employees to defined contribution schemes.

(h) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. At the date of transition, in applying the requirement to recognise the liability relating to the present value of the pension scheme deficiency payments, a provision was required. The initial liability recognised at the date of transition was for £85,675.

No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) is provided.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

(h) Reconciliation with previous Generally Accepted Accounting Practice (continued)

	As at 1 April 2014 £	As at 31 March 2015 £
<u>Reconciliation of fund balances</u>		
Fund balances as previously stated	127,115	107,324
Recognition of pension provision as at 1 April 2014	(85,675)	(85,675)
Movement on pension provision in year ended 31 March 2015	-	(2,894)
Fund balances as restated	41,440	18,755
		Year ended 31 March 2015 £
<u>Reconciliation of net (expenditure)</u>		
Net (expenditure) as previously stated		(19,791)
Pension payments reallocated from staff costs to pension provision		6,401
Pension provision interest recognised in year		(2,853)
Net (expenditure) as restated		(16,243)

2. Income from charitable activities

	Unrestricted Funds £	Restricted funds £	2016 Total £	2015 Total £
Scottish Government and NHS Health Scotland	-	225,000	225,000	215,000
SCVO / Third Sector Internships Scotland	-	1,577	1,577	7,220
Grants receivable	-	226,577	226,577	222,220
Event income	4,312	-	4,312	-
Fees for services	4,000	-	4,000	10,500
Membership subscriptions	5,310	-	5,310	5,375
	13,622	226,577	240,199	238,095

During the year there were restricted grants amounting to £226,577 (2015: £222,220). All other income was unrestricted in both the current and previous years.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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3. Total resources expended	Engagement & partnership £	Evidence building £	Policy influencing £	Comm-unications £	Building a strong network £	Resources & develop-ment £	2016 Total £	2015 Total £
Conference and events	2,828	1,703	1,902	2,858	1,663	897	11,851	4,330
Communications	1,209	728	813	1,222	711	384	5,067	7,368
Travel	789	475	531	798	464	251	3,308	2,741
Staff costs (Note 5)	33,019	21,351	23,374	29,029	19,502	11,219	137,494	135,537
Recruitment and training expenses	748	450	503	756	440	237	3,134	1,840
IT computer support and equipment	1,523	917	1,024	1,539	896	483	6,382	19,750
Partnership fees	-	-	-	-	-	-	-	29,452
Rent, rates and service charges	5,450	3,282	3,666	5,508	3,205	1,727	22,838	16,243
Printing, copying, stationery and post	351	211	236	355	206	111	1,470	7,036
Telephone	87	52	58	88	51	28	364	722
Bank charges	44	26	29	44	26	14	183	174
Subscriptions	335	202	226	339	197	106	1,405	1,184
Insurance	229	138	154	232	135	72	960	966
Depreciation and loss on disposal of asset	106	64	72	108	63	33	446	477
Other costs	46	28	31	46	27	14	192	328
Legal and professional fees	313	188	210	316	184	100	1,311	4,667
Consultancy fees	1,363	821	916	1,377	801	432	5,710	14,343
Pension scheme interest payable	462	278	311	467	272	146	1,936	2,853
<u>Governance costs</u>								
Independent examiner's fees	458	276	308	463	269	146	1,920	1,590
Board meeting and development costs	505	304	340	510	297	160	2,116	3,174
	49,865	31,494	34,704	46,055	29,409	16,560	208,087	254,775

Included above is restricted expenditure amounting to £204,310 (2015: £245,146).

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

4. Net expenditure/income for the year

	2016	2015
	£	£
This is stated after charging:		
Depreciation	356	446
Loss on disposal of fixed assets	90	31
Independent examiner's remuneration	1,920	1,590
Operating lease rentals:		
Land and buildings	16,243	16,243
	<u> </u>	<u> </u>

5. Staff Costs

	2016	2015
	£	£
Salaries and wages	119,782	116,648
Employer's social security costs	8,869	9,346
Employer's pension costs	8,843	9,543
	<u> </u>	<u> </u>
	137,494	135,537
	<u> </u>	<u> </u>

The average number of employees during the year, on a head count basis, was as follows:

2016	2015
5	5
<u> </u>	<u> </u>

No employee was paid a salary of more than £60,000 (2015: none) and no director received any remuneration (2015: none). Key management personnel received total remuneration amounting to £42,126 (2015: £41,640) during the year. Eight (2015: ten) board members were reimbursed travel expenses during the year amounting to £1,582 (2015: £2,249) in total.

The charity paid £960 (2015: £966) during the year for the purchase of insurance that included indemnity cover to protect the charity from loss arising from the neglect or default of its Directors, employees or other officers and the consequences of any such neglect or default.

6. Taxation

The company is exempt from corporation tax on its charitable activities.

VOLUNTARY HEALTH SCOTLAND

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7. Tangible Fixed Assets

	Computer equipment £	Total £
Cost		
At 1 April 2015	12,447	12,447
Disposals	(9,818)	(9,818)
At 31 March 2016	2,629	2,629
Depreciation		
At 1 April 2015	11,454	11,454
Charge for the year	356	356
Disposal	(9,728)	(9,728)
At 31 March 2016	2,082	2,082
Net Book Value		
At 31 March 2016	547	547
At 31 March 2015	993	993

8. Debtors

	2016 £	2015 £
Grants receivable	-	2,216
Prepayments	854	854
Other debtors	239	98
	1,093	3,168

9. Creditors: amounts falling due within one year

	2016 £	2015 £
Accruals	2,843	6,804
PAYE and NI	3,292	3,869
Pension contributions	922	1,065
Deferred income (Note 10)	90,580	105,050
	97,637	116,788

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

10. Creditors: amounts falling due within one year (continued)

	Subscriptions £	Grants £	Total 2016 £	Total 2015 £
Deferred income				
Balance at 1 April 2015	50	105,000	105,050	95,730
Released to Statement of Financial Activities	(50)	(15,000)	(15,050)	(95,730)
Income received and deferred in year	580	-	580	105,050
	<u>580</u>	<u>90,000</u>	<u>90,580</u>	<u>105,050</u>
Balance at 31 March 2016	<u>580</u>	<u>90,000</u>	<u>90,580</u>	<u>105,050</u>

11. Operating lease commitments

At 31 March 2016 the charity had aggregate commitments under non-cancellable operating leases for rent and service charges payable as set out below:

	2016 £	2015 £
Payable within one year	10,432	8,811

12. Funds

	At 1 April 2015 £	Income £	Expenditure £	Transfers £	Gains/ losses £	At 31 March 2016 £
Unrestricted funds						
General funds	50,643	13,948	(5,595)	-	-	58,996
Designated funds:						
Fixed assets	993	-	(446)	-	-	547
CRM system	800	-	(800)	-	-	-
Pension provision	(88,569)	-	(1,936)	6,593	(11,222)	(95,134)
	<u>(36,133)</u>	<u>13,948</u>	<u>(8,777)</u>	<u>6,593</u>	<u>(11,222)</u>	<u>(35,591)</u>
Restricted funds						
Strategic work programme	29,326	175,000	(197,733)	(6,593)	-	-
Clear Pathway project	-	50,000	-	-	-	50,000
Short term projects	25,562	-	-	-	-	25,562
Third Sector Internships	-	1,577	(1,577)	-	-	-
	<u>54,888</u>	<u>226,577</u>	<u>(199,310)</u>	<u>(6,593)</u>	<u>-</u>	<u>75,562</u>
Total funds	<u>18,755</u>	<u>240,525</u>	<u>(208,087)</u>	<u>-</u>	<u>(11,222)</u>	<u>39,971</u>

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

12. Funds (continued)

The designated fixed asset fund represents the net book value of tangible fixed assets held by the charity.

The designated CRM system fund represents funds set aside for a customer relations management system.

The designated pension provision fund represents the liability for pension deficit recovery payments, as explained at note 15.

The Strategic work programme fund is to carry out the annual work plan agreed with the Scottish Government and NHS Health Scotland, in furtherance of VHS's objectives as the national intermediary body for the voluntary health sector in Scotland.

The Clear Pathway project is to carry out a fixed term piece of work designed to improve the risk management of volunteers deployed in NHS settings.

The short term projects fund comprises funding from the Scottish Government to support *Learning to Lead in Health*, a leadership development programme for VHS members.

Under the Third Sector Internships Scotland programme SCVO reimbursed the employment costs of the intern post.

The fund transfer represents payments made against the pension provision from the Strategic work programme fund.

13. Analysis of funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	547	-	547
Net current assets	52,107	75,562	127,669
Pension provision payable in more than one year	(88,245)	-	(88,245)
	(35,591)	75,562	39,971

14. Related party transactions

There were no transactions with related parties undertaken in either the current or previous year.

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15. Pensions

The company participates in the scheme, a multi-employer scheme which provides benefits to some 95 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £88.22m, liabilities of £122.15m and a deficit of £33.93m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions for entire scheme

From 1 April 2016 to 31 October 2029:	£1,323,116 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2031:	£292,376 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2031:	£37,475 per annum

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation showed assets of £66.21m, liabilities of £95.04m and a deficit of £28.83m. To eliminate this funding shortfall, payments consisted of £1,490,000 per annum, increasing by 3% each 1st April until 31 March 2028.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

VOLUNTARY HEALTH SCOTLAND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

15. Pensions (continued)

	2016	2015	
	£	£	
Present value of provision for Voluntary Health Scotland	95,134	88,569	
	=====	=====	
<u>Reconciliation of Opening and Closing Provisions</u>			
	2016	2015	
	£	£	
Provision at start of period	88,569	85,675	
Unwinding of the discount factor (interest expense)	1,936	2,853	
Deficit contribution paid	(6,593)	(6,401)	
Remeasurements - impact of any change in assumptions	(1,795)	6,442	
Remeasurements - amendments to the contribution schedule	13,017	-	
	=====	=====	
Provision at end of period	95,134	88,569	
	=====	=====	
<u>Income and Expenditure Impact</u>			
	2016	2015	
	£	£	
Interest expense	1,936	2,853	
Remeasurements – impact of any change in assumptions	(1,795)	6,442	
Remeasurements – amendments to the contribution schedule	13,017	-	
Contributions paid in respect of future service	-	-	
Costs recognised in income and expenditure account	8,843	9,543	
 <u>Assumptions</u>			
	2016	2015	2014
Rate of discount (% per annum)	2.55	2.27	3.47

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.