

Charity Registration No. SC017286 (Scotland)

Company Registration No. SC165677 (Scotland)

**VOLUNTARY ACTION SHETLAND
A COMPANY LIMITED BY GUARANTEE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018**

VOLUNTARY ACTION SHETLAND

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	M Stewart (Chairperson) L Angus (Vice Chairperson) J Hunter (Finance Director) A Duncan W Henderson O MacLeod A Miller J Shepherd
Secretary and Executive Officer	Mrs C Hughson
Charity number (Scotland)	SC017286
Company number	SC165677
Registered office	Market House 14 Market Street Lerwick Shetland ZE1 0JP
Auditor	RSM UK Audit LLP Chartered Accountants St Olaf's Hall Church Road Lerwick Shetland Isles ZE1 0FD
Bankers	Bank of Scotland 117 Commercial Street Lerwick ZE1 0DN

VOLUNTARY ACTION SHETLAND

CHAIRPERSON'S REPORT

FOR THE YEAR ENDED 31 MARCH 2018

Chairperson's report

This has been another successful year of development and consolidation for Voluntary Action Shetland (VAS). Staff have continued to support groups and their projects and there are new and exciting developments which have evolved as a result of increased demand and to meet present and emerging needs.

Volunteering is an intrinsic part of community and social life in Shetland and we are fortunate to have many willing and inspiring volunteers who help to make life interesting, fulfilling and fun as well as volunteers who offer therapeutic and comforting services. Currently, there are 640 organisations registered with VAS covering a wide range of activities. Promotion of volunteering continues and The Big Recruit event in January further promoted and showcased voluntary work.

Some of the highlights from the year include the introduction of a new service – respitality (respite + hospitality) which is where an organisation will grant a carer and a companion a free experience using their service. So far 12 local businesses have become Respitality Partners, and we commend them for their support of carers.

In another new development, one of the meeting rooms at Market House has been refurbished by Shetland Bereavement Support Service and it offers a comforting, peaceful and welcoming ambience for people accessing their free and confidential service.

This year has been designated the Year of Young People and the enthusiasm of young volunteers (aged between 12-25 years) in the isles continues to grow with almost 1000 taking part in the Saltire Awards scheme. The OPEN Peer Education Project have added 8 new volunteers and since May 2017 their service has delivered workshops to over 1200 young Shetlanders. Well done to all the young people for being such positive role models.

The Carers Support Service has had a busy year and staff have been busy preparing for the introduction of the Carers (Scotland) Act 2016, which is effective from 1st April 2018, and Shetland Befriending Scheme continues to develop providing befriending support from 7 years to 60+ years.

Scotland's oldest literary magazine, The New Shetlander, is now in its 71st year and benefits from the ongoing support of VAS.

VAS and the organisations resident in Market House continue to experience a growth in ongoing and new aspects of their services. I am proud of our staff who are professional, highly trained and collectively have a wide breadth of experience and knowledge of the volunteering sector.

There are challenges ahead for VAS staff and the organisations they support, such as an uncertain economy, the still-unknown effects of Brexit and reduced funding for the voluntary sector. However, under the skilful leadership of Executive Officer Catherine Hughson, I feel confident that our dedicated staff are in good hands to meet these in a productive way and would like to thank them for all their hard work. I would also like to thank the VAS Board members who willingly volunteer and provide support to the organisation.


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Marilyn Stewart - Chairperson

12 June 2018

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The trustees, referred to as 'directors', are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 March 2018, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Objectives and activities

The company's objects and principal activities are:

- To promote any charitable purposes for the benefit of the inhabitants of Shetland and in particular the advancement of education, and furtherance of health and the relief of poverty, distress and sickness.
- To promote and organise co-operation in the achievement of the above purposes and bring together Council representatives of the statutory authorities and third organisations engaged in the furtherance of the above purposes or any of them within Shetland.
- To do all other things as will properly attain the above purposes.

Voluntary Action Shetland Mission Statement

Voluntary Action Shetland seeks to respond to and support voluntary sector services in Shetland by meeting present and emerging needs, developing and promoting new ways of responding and encouraging people in Shetland to offer voluntary service to their community.

Voluntary Action Shetland's Vision

Voluntary Action Shetland's vision for Shetland is where all citizens and organisations are empowered and enabled to grow a strong and vibrant community.

- To support the growth, capacity and development of the third sector in Shetland
- To continue to promote volunteering through the Saltire Awards and locally developed schemes
- To utilise the knowledge of the skills and expertise of the third sector to enhance delivery of local services
- To support and encourage the development of social enterprises
- To deliver the outcomes in the An Enterprising Third Sector Action Plan through work with partners
- To continue to be involved in the review of Community Planning locally

The main objectives and activities for the year continue to focus on the four core objectives of the Voluntary Action Shetland's Work Plan.

- Building the third sector relationship with community planning
- Supporting a strong third sector
- Social enterprise development
- Volunteering development

Volunteers

During the year the charity was dependent on volunteers for the continued provision of their services, especially the Shetland Befriending Scheme. A total of 69 volunteers contributed towards the total volunteer hours for the year of 14,698. The estimated monetary value of this is £146,980.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Achievements and performance

1. Building the third sector relationship with community planning

VAS is the recognised Interface organisation for Shetland. Each local authority area in Scotland has a Third Sector Interface to support, promote, develop and represent the third sector to assist community groups, third sector organisations, social enterprises and volunteering. The Interface is a vital connection between the Community Planning Partnership (CPP) and the third sector.

We continue to contribute to the work of the Community Planning Partnership, and have been involved in development of the new Local Improvement Outcomes Plan, and have assisted with the wider consultation of the plan. We are now members of the Integration Joint Board and the Integration Joint Board Strategic Planning Group.

Because of the diversity of the Third Sector we assist with the indicators as required from the Local Improvement Outcomes Plan, through representation on various forums and committees. This assists the delivery of services around, localities, community care, children and young people and health.

Our Third Sector Forum has been redeveloped to assist with the communication between the Third Sector and public agencies, to enable a more proactive partnership to develop.

Children's Services

Integrated Children's Service Quality Assurance Group – we are members on this group which is responsible for quality improvement and assurance and oversees through self assessment; and reports directly to the Integrated Children and Young people Strategic Planning Group.

We support statutory agencies in the development of the activities around the Year of Young People.

We continue to support third sector groups with legislation and good governance in relation to PVG disclosures.

Older People

We continue to develop the services for unpaid carers and this year has seen a positive uptake of the various assistance on offer. We have secured funding to enable us to continue the success of the Stepping Out Together group in Yell and hope to develop services in other areas of Shetland. We have become agents for Respite which has seen a great number of businesses in Shetland offer breaks to carers and is a huge bonus to the services we provide to unpaid carers and much thanks to them.

Short Breaks Project

It has continued to be a busy year in the Carers' Support Service. The Short Breaks Grants, through Shared Care Scotland's Time to Live Fund, were issued again by VAS Carers' Centre and this year 27 breaks were issued to unpaid carers.

The introduction of the Carers Act in Scotland on 1st April 2018 has meant that the carers' support service has spent a lot of time in 2017 /18 ensuring that Shetland is ready for the changes this will bring. The Act extends and enhances the rights of unpaid carers. VAS are looking forward to continuing the support to the carers they work with, to ensure they benefit from this. Staff have worked closely with Shetland Islands Council and the local NHS to ensure that carers are supported more consistently, so they can continue to care, and are able to do so in good health and with a life alongside their caring responsibilities.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2. Supporting a Strong Third Sector

Through Market House we support the 18 resident organisations on a daily basis and we also provide access to the facilities of Market House for external organisations.

We have assisted organisations predominately within Market House with funding applications to external and internal funders and acted as referees. Successful funding for this financial year is valued at £3,975,745 of which £2,195,612 was from external agencies, fund raising and donations.

We continue as the business manager for the New Shetlander, the quarterly literary magazine that publishes items of local interest. This magazine is thought to be the oldest literacy magazine in Scotland and thanks must go to the dedicated committee and contributors.

Funding for many organisations continues to be problematic with external funding agencies reporting that most of their funding streams are oversubscribed. The reduction in Local Authority funding is now impacting on some of the services delivered through the sector. Red Tape and bureaucracy continues to stifle development within many organisations due to any surpluses continuing to be requested back by local funders even when external funding has been secured.

We continue to represent the interests of the sector on various strategic forums; a full table of representation can be accessed <http://shetland-communities.org.uk/subsites/vas/representation.htm>

Third Sector Forum

The Team Leader conducted research on the future of the Third Sector Forum, the outcome concluded that there was a need for a forum and for it to be more proactive.

Recommendations:-

- Review membership
- Communication needs to be better
- Representation
- Web page needs to work better

This work has started and we have had the Community Planning and Development staff present to the forum on the development of the Local Improvement Outcomes Plan. In addition, two members have given presentations on their work, COPE and Mind Your Head.

Training

VAS has held several training events - 171 Individuals attended 18 training workshops.

VAS has supported 128 community groups register for this service and, last year, processed 150 PVGs.

Association of Charities Independent Examiners

All Third Sector groups need to have their accounts checked to make sure their finances are managed properly and are running smoothly. All registered charities are required to file accounts and returns with OSCR. VAS has 5 members of staff who are qualified to carry out independent examinations and 2 who have gained their membership of the Association of Independent Charity Examiners (ACIE) and are qualified to carry out independent examinations of voluntary organisations and charities with an income less than £100,000 to help them meet their legal requirements. VAS undertook 54 independent examinations last year.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3. Social Enterprise

We continue to support Social Enterprise with meetings and bulletins. We continue to work closely with HIE if required to assist with information and signposting.

We are partners on the Local Action Group part of the decision process to award funding through the LEADER and Convergence funds.

4. Volunteering

The Third and Independent Sector Partnership administered by Voluntary Action Shetland circulates information on various issues to organisations.

We have provided information to 1,482 volunteers, 131 have had an annual review completed, 38 currently assist with befriending activities, 265 have received information on Saltire. There are currently 640 organisations registered with VAS and we have 118 locally registered opportunities for volunteers with a few more registered nationally.

Saltire

There are currently 954 active registered young volunteers (aged between 12 and 25 years old) participating in Saltire awards in Shetland. At our most recent Saltire awards ceremony held in Mareel on the 28th March 2018, young volunteers broke the Shetland record for earning 500-hour volunteering certificates. 15 young people received their 500-hour awards, almost doubling the previous record of 8. 136 young volunteers from all over Shetland submitted over 300 certificate requests ranging from 10 to 500 hours of volunteering this year and over 70 of these young volunteers attended the awards ceremony with their guests and volunteer supervisors to receive their awards on the evening.

Voluntary Action Shetland chairperson, Marilyn Stewart, officially opened the event. She informed the crowd that this year's crop of volunteers had collectively completed an impressive 17,765 hours of volunteering between them. Shetland Times Editor Adam Civico presented certificates to the volunteers, 6 of whom were issued with a "Saltire Summit Award". The Summit is the highest accolade of Saltire and can only be achieved by volunteers who have been nominated by their supervisor for making a truly outstanding contribution to volunteering. Its purpose is to recognise those who have gone beyond the call of duty to carry out their volunteering to the highest standard.

Shetland Youth Volunteering Awards

The eighth Annual Shetland Youth Volunteer Awards sponsored by Voluntary Action Shetland, The Rotary Club of Shetland and BP Sullom Voe, took place in Mareel on Monday the 6th November 2017.

The planning committee received 38 nominations over the three award categories, Organisation, One Team and Individual Young Volunteer of the year. VAS Staff conducted interviews with all 38 nominators during the months of July and August before the information gathered was scrutinised by the 6 judging groups who selected winners using an alternative voting system. MSP Tavish Scott opened the event and issued certificates to all of the nominees.

Voluntary Action Shetland's Chairwoman Marilyn Stewart presented the Organisation trophy. Disability Shetland, Police Scotland Youth Volunteers, Shetland Befriending Scheme and Shetland Pony Riding School were the shortlisted nominations. Disability Shetland were named winners, making history as the first two-time winners of the award.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Shetland Youth Volunteering Awards (continued)

The One Team group of volunteers was presented by Ian Lister of BP Sullom Voe. The Members of the Scottish Youth Parliament for Shetland, OPEN Peer Educators, Shetland Budokai Karate Volunteers and Virtually Safe Virtually Sound, were announced as the four strong Shortlist before Virtually Safe Virtually Sound, a youth project set up to tackling issues relating to internet and digital media safety were announced the 2017 One Team winner.

Rotary Club Shetland chairperson, Stuart Boocock, presented the Individual volunteer award. Nethan Watson a volunteer with FAST Football and Wast Linga Ramblers football club was announced the eventual winner. The 38 posters containing information on each of the nominees displayed during the event were put on display in Islesburgh Community Centre from the 1st until the 15th December 2017 before they were given as a gift to each of the nominees.

Financial review

Voluntary Action Shetland continues to research funding streams. It is important to get three year funding models to ensure sustainability of the charity. We continue to source funding for specific pieces of work but it is becoming more difficult to source funding for core costs. Nevertheless, Voluntary Action Shetland with the aid of sound financial management and the support of staff and board members has a very positive financial outcome for this financial year.

Voluntary Action Shetland is part of a government review into Third Sector Interfaces – this is to conclude in October 2018, dependent on the outcome of this review this could have either a positive or negative effect on funding received from government going forward from October 2018.

Once the outcome of this review is complete The Directors will review the current work plan and finances and take the necessary steps to ensure financial sustainability of Voluntary Action Shetland.

Principal Funding Sources

Revenue Funding is received from Scottish Government, Shetland Charitable Trust, NHS and Shetland Islands Council. External funding for projects includes Bank of Scotland Foundation, Robertson Trust, Big Lottery, Children In Need, Shared Care Scotland, Life Changes Trust and STV.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Reserves and going concern policy

The directors have examined the charity's requirements for reserves in light of the main risks to the organisation. They have established a policy where the unrestricted funds not committed or invested in tangible fixed assets held by the charity should equal 3 months of expenditure. Relevant expenditure for 2018 was £833,773 and therefore the target is £208,440 in unrestricted funds. The reserves are needed to meet the working capital requirements of the charity and the directors are confident that at this level they would be able to continue the current activities of the charity in the event of a significant drop in funding. The present level of reserves available to the charity of £77,645 therefore falls significantly short of this target level although the strategy is to continue to build reserves through self-generated charitable activities.

The total funds at the year end were £1,534,113. Of this £1,534,113, £1,093,775 represents the cost of the property and equipment held by the charity. This then leaves £440,338 in working capital of which £363,076 is included in restricted funds and can only be used in accordance with specific conditions on each fund. The remaining designated funds of £77,645 were held at the year end for the purposes described in note 18.

The pension deficit has been shown separately to allow the remaining carry forward balance to be shown. The deficit is to be paid over the next eight years and as such will be met through future funding and any necessary cost savings. The remaining carry forwards show that there are sufficient resources for the day-to-day requirements of the charity for the foreseeable future.

The Directors are well aware of the shortfall in reserves, but in the current financial climate it is becoming increasingly difficult to build reserves, the Directors continue to be committed to build reserves required realising that this may take longer than anticipated and not having the stated amount of reserve is an identified risk. The Directors continue to monitor level of reserves and utilise the income effectively to assist in building the expected reserve amount.

Capitalisation Policy

Expenditure on furniture and equipment is included in resources expended in the Statement of Financial Activities when incurred. No single equipment purchase with a cost of below £500 is to be capitalised.

Risk

The directors has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Plans for the Future

The company continues to deliver against the targets set by government and other funders. The core objectives are, volunteering development, social enterprise development, consulting, supporting developing and representing the third sector and collaborating and working in partnership with public and private sector partners to improve the planning and delivery of services by making them more responsive to the needs and aspirations of local communities.

Structure, governance and management **Governing Document**

The organisation is a charitable company limited by guarantee, incorporated on the 15 May 1996 and registered as a charity on 15 May 1996. The charity's Memorandum and Articles of Association established the objects and powers of the charitable company and it is governed under its Articles of Association.

The directors who served during the year were:

M Stewart (Chairperson)
L Angus (Vice Chairperson)
J Hunter (Finance Director)
A Duncan

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

W Henderson

O MacLeod

(Appointed 6 February 2018)

A Miller

K Naulls

(Resigned 17 October 2017)

J Shepherd

Recruitment and Appointment of Directors

The directors of the charity are also charity trustees for the purposes of charity law and under the company's Articles are known as Directors of the Management Board. Under the requirement of the Memorandum of Articles of Association the members of the Management Board shall retire from office at each annual general meeting and are eligible to stand for re-election.

VAS members, either individuals or of organisations, can be considered for appointment as a director, they must lodge with the secretary a written notice of his or her willingness to be appointed at any time up to the commencement of the Annual General Meeting.

The Board may at any time appoint any member to be a director either to fill a vacancy or as an additional director.

Indemnity Insurance

The charity has taken out indemnity insurance in favour of the directors.

Director Induction and Training

New directors to the board are issued with an induction and procedures manual containing relevant information on the charity, including the Memorandum of Articles of Association, staff information, policy documents and the Annual Report. A meeting of all directors is called as soon as possible after the Annual General Meeting to introduce new directors to other board directors and staff.

Organisational Structure

Voluntary Action Shetland has a Management Board of up to 9 directors who meet six times per year. Currently there are 8 directors from a variety of professional backgrounds, the Executive Officer also attends board meetings but has no voting rights. The Executive Officer is the Company Secretary.

The day-to-day operation and decisions of Voluntary Action Shetland is delegated to the Executive Officer.

The Executive Officer is responsible for the delivery, management and monitoring of all grants awarded to Voluntary Action Shetland and line manages all staff and projects under the umbrella of Voluntary Action Shetland.

Voluntary Action Shetland is one of the 32 Interface Organisations throughout Scotland and we deliver on four key areas for the government. Voluntary Action Shetland is recognised by Shetland Islands Council Community Planning Partnership as the interface organisation for Shetland. A proportion of our funding comes from the Scottish Government to deliver services to the third sector locally.

Pay policy for senior staff

The trustees who are the board of directors, are also the Charity's trustees, and together with the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. All directors give of their time freely and no director received remuneration or expenses in the year.

The pay of the senior staff is reviewed annually and is set with reference to COSLA pay scales.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Risk management

The directors confirm that the major risks to which the charity is exposed to have been considered and reviewed. The main risk is financial sustainability. The board monitor cash and reserves regularly. If income is reduced to an unsustainable level, then services would be reduced unless there are sufficient reserves available to bridge any funding gap. Should this issue arise there is the reserves fund which could be utilised, however it is more likely that services would be reduced.

Auditor

RSM UK Audit LLP were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) and in accordance with the small companies regime.

Disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed, that there is no relevant information of which the auditors are unaware. Each of the directors confirmed that they have taken all steps that they ought to have taken, as directors, to make them aware of any relevant audit information and to establish that it has been communicated to the auditors.

The directors' report was approved by the Board of Directors.



M Stewart (Chairperson)

Director

Dated: 12 June 2018

VOLUNTARY ACTION SHETLAND

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2018

The directors, who also act as trustees, are responsible for preparing the Directors' 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 directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VOLUNTARY ACTION SHETLAND

Opinion on financial statements

We have audited the financial statements of Voluntary Action Shetland (the 'charitable company') for the year ended 31 March 2018 which comprises the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VOLUNTARY ACTION SHETLAND (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VOLUNTARY ACTION SHETLAND (CONTINUED)

Use of our report

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Irene Hambleton BAcc CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
St Olaf's Hall
Church Road
Lerwick
Shetland Isles, ZE1 0FD
12 June 2018

VOLUNTARY ACTION SHETLAND

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

		Unrestricted funds	Restricted funds	Capital funds	Total 2018	Total 2017
	Notes	£	£	£	£	£
<u>Income from:</u>						
Donations and legacies	2	-	29,021	-	29,021	37,935
Charitable activities	3	84,621	579,779	-	664,400	659,952
Investments	4	-	2,089	-	2,089	4,519
Total income		84,621	610,889	-	695,510	702,406
<u>Expenditure on:</u>						
Charitable activities	5	178,714	655,059	-	833,773	812,665
Net outgoing resources before transfers		(94,093)	(44,170)	-	(138,263)	(110,259)
Gross transfers between funds		87,317	3,505	(90,822)	-	-
Net movement in funds		(6,776)	(40,665)	(90,822)	(138,263)	(110,259)
Total funds brought forward		84,421	403,741	1,184,214	1,672,376	1,782,635
Total funds carried forward		77,645	363,076	1,093,392	1,534,113	1,672,376

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

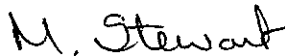
The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

VOLUNTARY ACTION SHETLAND**BALANCE SHEET****AS AT 31 MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	11		1,093,775		1,185,533
Current assets					
Debtors	12	23,697		22,717	
Cash at bank and in hand		513,016		567,780	
		<u>536,713</u>		<u>590,497</u>	
Creditors: amounts falling due within one year	13	<u>(35,769)</u>		<u>(35,427)</u>	
Net current assets			500,944		555,070
Total assets less current liabilities			1,594,719		1,740,603
Provisions for liabilities	16		<u>(60,606)</u>		<u>(68,227)</u>
Net assets			<u>1,534,113</u>		<u>1,672,376</u>
Capital funds					
Capital funds			1,093,392		1,184,214
Income funds					
Restricted funds	17		363,076		403,741
Unrestricted funds	18		77,645		84,421
			<u>1,534,113</u>		<u>1,672,376</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Directors on 12 June 2018



M Stewart (Chairperson)
Director



J Hunter (Finance Director)
Director

VOLUNTARY ACTION SHETLAND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	20		(55,977)		(65,058)
Investing activities					
Purchase of tangible fixed assets		-		(766)	
Interest received		1,213		4,519	
Net cash generated from investing activities			1,213		3,753
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(54,764)		(61,305)
Cash and cash equivalents at beginning of year			567,780		629,085
Cash and cash equivalents at end of year			<u>513,016</u>		<u>567,780</u>

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Charity information

Voluntary Action Shetland is a private company limited by guarantee incorporated in Scotland. The registered office is Market House, 14 Market Street, Lerwick, Shetland, ZE1 0JP. It is also a charity registered with Office of Scottish Charity Regulator (OSCR).

Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The charitable company is dependent on the continued support of various funding agencies to fund its future activities. No material uncertainties that may cast significant doubt about the ability of the charitable company to continue as a going concern have been identified by the directors. As a result they have adopted the going concern basis of accounting.

Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

The capital fund relates to the building at Market House. The balance is being reduced as the assets depreciate by releasing the grants in line with the depreciation charge on the assets they relate to. This is shown as a transfer between capital funds and restricted funds.

Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid/payable by the bank.

Other income arising from services provided to the voluntary sector in Shetland is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of the charity's activities.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. The company is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT. Expenditure is classified under the following activity heading:

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

Support Costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include information technology, depreciation and governance costs which support the charity's activities.

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis eg estimated usage or staff time as set out in Note 8.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. No single equipment purchase with a cost of below £500 is to be capitalised.

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual value over the expected useful lives which are as follows:

Land and buildings	25 years
Office equipment	3 - 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks with original maturities of twelve months or less.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. The liability and expense is allocated to funds based on which project the respective employees are involved in.

Multi-employer plans:

Contributions are recognised in profit or loss in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the charity will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end. The liability and expense is allocated to funds based on which project the respective employees are involved in.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

2 Donations and legacies

	2018	2017
	£	£
Donations and gifts	4,010	4,665
Grants	25,011	33,270
	<u>29,021</u>	<u>37,935</u>

All of the above income is restricted.

In line with the Charities SORP (FRS102) restricted grants of a general nature which are not conditional on delivering certain levels or volumes of a service are included under donations. These are listed below.

Grants receivable for core activities

The Robertson Trust	-	27,000
STV	2,000	2,000
Cash Back for Communities	3,560	4,270
Vaila's Fund	19,451	-
	<u>25,011</u>	<u>33,270</u>

The charity benefits greatly from the involvement and support of its many volunteers, details of which are given in our annual report.

In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

3 Income from charitable activities

	Voluntary Action Shetland	Shetland Befriending Schemes	Market House	Volunteering	Reshaping Care & Carers Strategy	Other supplementary projects and activities	Total 2018	Total 2017
	£	£	£	£	£	£	£	£
Performance related grants	163,055	131,289	47,838	94,526	62,533	54,647	553,888	534,327
Other income	34,592	4,994	48,732	1,297	7,807	18,595	116,017	125,625
Less: deferred income	-	(5,505)	-	-	-	-	(5,505)	-
	<u>197,647</u>	<u>130,778</u>	<u>96,570</u>	<u>95,823</u>	<u>70,340</u>	<u>73,242</u>	<u>664,400</u>	<u>659,952</u>
Analysis by fund								
Unrestricted funds	34,592	-	48,732	1,297	-	-	84,621	
Restricted funds	163,055	130,778	47,838	94,526	70,340	73,242	579,779	
	<u>197,647</u>	<u>130,778</u>	<u>96,570</u>	<u>95,823</u>	<u>70,340</u>	<u>73,242</u>	<u>664,400</u>	
For the year ended 31 March 2017								
Unrestricted funds	25,624	-	72,672	1,322	-	-	99,618	
Restricted funds	176,329	145,859	34,564	95,876	28,376	79,330	560,334	
	<u>201,953</u>	<u>145,859</u>	<u>107,236</u>	<u>97,198</u>	<u>28,376</u>	<u>79,330</u>	<u>659,952</u>	

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

	3 Income from charitable activities (Continued)						Total 2018	Total 2017
	Voluntary Action Shetland	Shetland Befriending Schemes	Market House	Volunteering	Reshaping Care & Carers Strategy	Other supplementary projects and activities		
	£	£	£	£	£	£	£	
Performance related grants								
Scottish Government	84,432	-	-	94,526	-	9,042	188,000	
Shetland Islands Council	-	-	-	-	41,933	19,317	61,250	
Shetland Charitable Trust	78,623	54,418	47,838	-	-	17,900	198,779	
Children in Need	-	37,156	-	-	-	-	37,156	
Big Lottery Fund	-	-	-	-	-	-	-	
Shared Care	-	-	-	-	20,600	-	20,600	
Foundation Scotland	-	-	-	-	-	8,388	8,388	
The Volant Trust Fund	-	-	-	-	-	-	-	
North Alliance CPD	-	-	-	-	-	-	-	
Life Changes Trust	-	29,715	-	-	-	-	29,715	
Bank of Scotland Foundation	-	10,000	-	-	-	-	10,000	
	<u>163,055</u>	<u>131,289</u>	<u>47,838</u>	<u>94,526</u>	<u>62,533</u>	<u>54,647</u>	<u>553,888</u>	
							<u>534,327</u>	

In line with Charities SORP (FRS 102) the grants above are included within charitable income on the basis that they are performance-related grants where the income is conditional on delivering certain levels or volumes of a service as in a service level agreement.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

4 Investments

	2018	2017
	£	£
Interest receivable - Restricted	2,089	4,519
	<u>2,089</u>	<u>4,519</u>

All of the charity's investment income arises from money held in interest bearing deposit accounts.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

5 Expenditure on charitable activities	Voluntary Action Shetland	Shetland Befriending Schemes	Market House	Volunteering	Reshaping care & Carers Strategy	Other supplementary projects and activities	Designated building fund	Total 2018	Total 2017
	£	£	£	£	£	£	£	£	£
Staff costs	167,858	106,236	27,758	92,279	67,199	65,128	-	526,458	496,616
Activities undertaken directly	11,631	43,635	43,638	7,688	17,030	44,938	2,619	171,179	174,226
	179,489	149,871	71,396	99,967	84,229	110,066	2,619	697,637	670,842
Share of support costs (see note 6)	304	-	126,304	51	-	-	-	126,659	128,752
Share of governance costs (see note 6)	9,477	-	-	-	-	-	-	9,477	13,071
	189,270	149,871	197,700	100,018	84,229	110,066	2,619	833,773	812,665
Analysis by fund									
Unrestricted funds	26,233	-	149,862	-	-	-	2,619	178,714	178,714
Restricted funds	163,037	149,871	47,838	100,018	84,229	110,066	-	655,059	634,495
	189,270	149,871	197,700	100,018	84,229	110,066	2,619	833,773	812,665
For the year ended 31 March 2017									
Unrestricted funds	6,720	-	161,129	-	-	-	10,321	178,170	178,170
Restricted funds	177,963	153,088	34,564	115,961	60,814	92,105	-	634,495	634,495
	184,683	153,088	195,693	115,961	60,814	92,105	10,321	812,665	812,665

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6	Support costs	Support costs	Governance costs	2018	2017	Basis of allocation
		£	£	£	£	
	Depreciation	91,758	-	91,758	93,076	Cost
	IT costs	34,901	-	34,901	35,676	Cost
	Audit fees	-	6,500	6,500	7,500	Cost
	Accountancy	-	2,610	2,610	4,890	Cost
	Meeting expenses	-	367	367	681	Cost
		<u>126,659</u>	<u>9,477</u>	<u>136,136</u>	<u>141,823</u>	
7	Net movement in funds				2018	2017
					£	£
	Net movement in funds is stated after charging					
	Auditors remuneration (including VAT)					
	Audit fees				6,500	7,500
	Accountancy services				2,610	4,890
	Other services				672	-
	Depreciation of owned tangible fixed assets				91,758	93,076
8	Directors					

None of the directors (or any persons connected with them) received any remuneration or benefits from the charity during the year.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

9 Employees

Number of employees

The average monthly number employees during the year was:

	2018 Number	2017 Number
Management	5	5
Administration	2	4
Project workers	12	13
Manual	3	3
	<u>22</u>	<u>25</u>

Employment costs

	2018 £	2017 £
Wages and salaries	451,409	431,708
Social security costs	36,179	34,472
Other pension costs	38,870	30,436
	<u>526,458</u>	<u>496,616</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2018 Number	2017 Number
£60,000 - £70,000	<u>1</u>	<u>-</u>

10 Taxation

HMRC recognises the company as a Scottish charity and it is not liable to Corporation Tax on its charitable activities.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

11 Tangible fixed assets	Land and buildings £	Office equipment £	Total £
Cost			
At 1 April 2017	2,270,547	98,355	2,368,902
At 31 March 2018	2,270,547	98,355	2,368,902
Depreciation and impairment			
At 1 April 2017	1,086,333	97,036	1,183,369
Depreciation charged in the year	90,822	936	91,758
At 31 March 2018	1,177,155	97,972	1,275,127
Carrying amount			
At 31 March 2018	1,093,392	383	1,093,775
At 31 March 2017	1,184,214	1,319	1,185,533
12 Debtors		2018	2017
Amounts falling due within one year:		£	£
Other debtors		21,710	20,590
Prepayments and accrued income		1,987	2,127
		23,697	22,717
13 Creditors: amounts falling due within one year		2018	2017
	Notes	£	£
Trade creditors		173	922
Deferred grants	15	5,505	7,617
Other creditors and accruals		17,519	10,560
Pension creditor		-	4,217
Short term compensated absences (holiday pay)		12,572	12,111
		35,769	35,427
14 Financial instruments		2018	2017
		£	£
Carrying amount of financial assets			
Debt instruments measured at amortised cost		22,586	20,590
Carrying amount of financial liabilities			
Measured at amortised cost		30,264	27,810

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

15 Deferred income

Included within creditors is £5,505 (2017 - £7,617) from Children in Need and the Life Changes Trust (2017 - Children in Need and the Local Authority) in relation to future year's funding. These grants have been deferred because they are subject to performance related conditions and do not run concurrent to the accounting year. As the charity is liable to deliver a service in the next year then the corresponding income is deferred until the performance conditions have been met.

The full amount of deferred income of £7,617 from 2017 was released to income in the year.

16 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £14,760 (2017 - £10,088).

Contributions totalling £nil (2017: £1,069) were payable to the fund at the year end and are included in creditors.

Defined benefit schemes

SCHEME: TPT Retirement Solutions – The Growth Plan

Certain employees of the charity are members of the above scheme. The charity participates in this scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the charity 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 charity 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.

Valuation

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions (whole scheme - all employers)

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16 Retirement benefit schemes (Continued)

Funding policy

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.

Other information

PRESENT VALUES OF PROVISION

	31 March 2018 (£s)	31 March 2017 (£s)	31 March 2016 (£s)
Present value of provision	60,606	68,227	72,058

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 (£s)	Period Ending 31 March 2017 (£s)
Provision at start of period	68,227	72,058
Unwinding of the discount factor (interest expense)	848	1,409
Deficit contribution paid	(7,583)	(7,362)
Remeasurements - impact of any change in assumptions	(886)	2,122
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	60,606	68,227

Key assumptions

	2018 %	2017 %
Discount rate	1.71	1.32

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.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

16 Retirement benefit schemes (Continued)

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2018 (£s)	Period Ending 31 March 2017 (£s)
Interest expense	848	1,409
Remeasurements – impact of any change in assumptions	(886)	2,122
Costs recognised in income and expenditure account	21,419	20,438

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Balance at 31 March 2018 £
	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	
<i>Shetland Befriending Schemes</i>					
SCT Children and YP	9,984	56,418	(52,512)	-	13,890
Young adults	25,832	10,000	(22,854)	-	12,978
ASN	27,446	36,151	(34,284)	-	29,313
General SBS	1,729	510	-	-	2,239
60+	33,137	2,500	(19,509)	-	16,128
Befriending and peer support	6,518	29,209	(20,712)	-	15,015
SCT VAS	998	78,623	(78,623)	-	998
Scot gov VAS	-	84,432	(84,432)	-	-
VAS - pension deficit	(31,553)	-	18	3,505	(28,030)
CC ASCC	1,266	6,317	(7,386)	(197)	-
ASCC pension deficit	(6,821)	-	-	760	(6,061)
SCT MH	8,120	47,838	(47,838)	-	8,120
Volunteering	10,926	94,526	(100,018)	-	5,434
Children in Need	3,221	500	(2,355)	-	1,366
The New Shetlander	8,217	7,517	(10,335)	-	5,399
Supporting Voluntary Action					
Development	70,460	5,240	(290)	-	75,410
Supporting projects	116,688	16,225	(20,019)	(5,643)	107,251
Parent link	28,908	-	(11,935)	-	16,973
North Alliance CPD	4,373	-	(500)	-	3,873
Virtual Carers Centre	2,558	-	(3,553)	995	-
Carers Strategy	28,090	30,799	(27,192)	-	31,697
EPIC	13,828	4,745	(22,658)	4,085	-
Dementia Support	2,322	11,608	(7,757)	-	6,173
Carers short breaks	3,106	3,845	(4,275)	-	2,676
SCS - Better Breaks	-	18,355	(17,240)	-	1,115
Stepping out group	911	638	(1,554)	-	(5)
FAB group		350		-	350
SCT Building Maintenance	4,040	17,900	(18,509)	-	3,431
Peer Education	29,437	27,192	(38,737)	-	17,892
Vaila Fund	-	19,451	-	-	19,451
	<u>403,741</u>	<u>610,889</u>	<u>(655,059)</u>	<u>3,505</u>	<u>363,076</u>

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Restricted funds (Continued)

Description, nature and purposes of each fund:

Voluntary Action Shetland is the umbrella organisation providing a wide range of services to voluntary organisations and third sector in Shetland. It also manages various projects including:-

The **Shetland Befriending Scheme** continues to evolve and change in light of demand for the service. Having successfully received funding from the Shetlands Islands Council, the scheme was able to evolve the young adults project (16 to 25 years) into a pilot project to support adults from the age of 16 years up to 59 years. Through this development, the scheme effectively is now in a position to provide befriending support from the age of seven years with no upper age limit. This has been a great opportunity to be able to support in this new area with 13 new referrals having been accepted. Demand continues to be high in the children and young people's sections as well as the 60+ service and the scheme has been able to recruit 22 new volunteers to help with the continuous need for the service. Whilst funding has continued to be a challenge, Lynn Tulloch Project Co-ordinator for the service has been able to secure the on-going core funding and attracted smaller pots from new funders: The Robina Goodland Memorial Trust, W.G Edwards Charitable Trust, Austin & Hope Pilkington Trust and Anton Jurgens Charitable Trust.

Market House funds all the day to day costs that occur in keeping Market House in working order supporting 18 charitable tenant organisations with low cost facilities and support.

Volunteering supports volunteering in organisations, and also supports the Saltire Awards and the Shetland Youth Volunteering Awards.

Supporting Projects supports established projects, research and development and unforeseen items.

The **Parent Link** fund is used to deliver parenting courses to parents and carers in Shetland.

Carers Support Service. The Short Breaks Grants, through Shared Care Scotland's Time to Live Fund, issued 27 breaks to unpaid carers. The introduction of the Carers Act in Scotland on 1st April 2018 has meant that the carers support service has spent a lot of time in 2017 /18 ensuring that Shetland is ready for the changes this will bring. The act extends and enhances the rights of unpaid carers and VAS are looking forward to the carers they work with benefiting from this.

Staff have worked closely with Shetland Islands Council and the NHS to ensure that carers are supported more consistently so they can continue to care, and are able to do so in good health and with a life alongside their caring responsibilities. This year the Stepping Out group has continued to take part in the RemoAge Project, a European Union funded project which has improved their digital skills and in some cases enabled them to use different care and support solutions. They were also the second group in Shetland to take part in a Falls Prevention programme, which was carried out in partnership with NHS Health Improvement and the SIC. This was a health and exercise programme to improve muscle strength, balance, confidence and exercise tolerance.

The **OPEN Peer Education Project** trains young people (16 – 25) as 'peer educators', to deliver workshops and training to other young people across Shetland.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

17 Restricted funds (Continued)

OPEN Workshops include:

- OPEN about Sexual Health
- OPEN about Sexual Health Clinic
- OPEN about Drugs
- OPEN about Alcohol
- OPEN Online
- Mentally OPEN
- OPEN about Positive Relationships

The project currently has 17 young people trained as peer educators, who are supported by four part-time staff members. Staff and volunteers had 39 meetings over the year to maintain the project's busy schedule in planning, developing, and delivering workshops. Peer Educators have demonstrated commitment to the project, improved their personal skills, responsibility, time keeping, and leadership qualities. OPEN has increased their number of young adults volunteering with the project (8 new members since May 2017). The project's holistic approach to engaging and supporting its volunteers ensures that all the young people are given the same opportunities, and strong, positive relationships are established among the volunteers.

The **capital fund** £1,093,392 (2017: £1,184,214) relates to the building and equipment in Market House. The balance is being reduced as the assets depreciate by releasing the grants in line with the depreciation charge on the assets they relate to. This is shown as a transfer between the funds above.

Vaila's Fund was set up in 2009 in memory of Vaila Harvey aged 16. The purpose of the fund was to assist financially disadvantaged young people in Shetland to travel nationally or internationally to build self-confidence, assist them with educational opportunities and discover new ideas. It was decided by the Vaila Fund trustees to transfer the money across to Voluntary Action Shetland who will help promote it more widely and expand the age range of children that can apply.

Other restricted funds consist of: **Children in Need, New Shetlander, Supporting Voluntary Action Development, SIC/SLA Disclosures, North Alliance CPD and Building Maintenance.** These funds all support the activities as described in their names.

Following implementation of FRS 102 and the new SORP then additional liabilities were brought onto the balance sheet for future contributions to address the defined benefit pension deficit. This has left two funds in deficit – Voluntary Action Shetland and the Association of Community Councils. The deficits with regards the pension deficit have been shown separately to allow the remaining carry forward balance to be shown. The deficits will only have to be paid over the next eight years and as such will be met through future funding and any necessary cost savings. The remaining carry forwards show that there are sufficient resources for the day-to-day requirements of the charity for the foreseeable future. Transfers have been made to cover cash payments made in the year towards the deficit.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

18 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				Balance at 31 March 2018 £
	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	
Designated VAS	63,204	-	-	(63,204)	-
Designated Upgrade	6,957	-	-	(6,957)	-
Designated Volunteering	8,621	-	-	(8,621)	-
Designated Market House	2,365	-	-	(2,365)	-
Designated Sustainability	-	84,621	(176,095)	168,464	76,990
Designated Building	3,274	-	(2,619)	-	655
	<u>84,421</u>	<u>84,621</u>	<u>(178,714)</u>	<u>87,317</u>	<u>77,645</u>

The **designated VAS fund** was to assist and projects under the umbrella of Voluntary Action Shetland, where necessary covering one off items such as training, personal development and unforeseen circumstances.

The **designated Volunteering** reserve was again to be used to fund the one-stop shop for information support to the voluntary section of Shetland.

The **designated Upgrade** fund was designated by the directors to fund any future IT upgrade costs.

The **designated Market House** fund was generated from income received providing services at Market House and was to be used to keep Market House in working order.

During 2018 the directors agreed to undesignate the above funds and redesignate them into one new '**sustainability fund**'. This fund is to enable VAS projects to continue to deliver services, a proportion of this has been committed to the Carers Project in the next financial year, also for one-time, nonrecurring expenditure that will build long-term capacity any possible funding gaps of other projects. The present level of reserves of VAS falls considerably below of target set. The use of this fund is decided at Board level and is the responsibility of the Board.

The "**designated Building fund**" will be utilised during the year to 31 March 2019 for unfinished repairs to Market House.

19 Analysis of net assets between funds

	Unrestricted fund £	Restricted fund £	Restricted capital fund £	Total £
Fund balances at 31 March 2018 are represented by:				
Tangible assets	-	383	1,093,392	1,093,775
Current assets/(liabilities)	77,645	423,299	-	500,944
Provisions	-	(60,606)	-	(60,606)
	<u>77,645</u>	<u>363,076</u>	<u>1,093,392</u>	<u>1,534,113</u>

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

20	Cash generated from operations	2018 £	2017 £
	Deficit for the year	(138,263)	(110,259)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(2,089)	(4,519)
	Depreciation and impairment of tangible fixed assets	91,758	93,076
	Movements in working capital:		
	(Increase) in debtors	(104)	(12,622)
	Increase/(decrease) in creditors	2,454	(26,903)
	Increase in provisions	(7,621)	(3,831)
	(Decrease) in deferred income	(2,112)	-
	Cash absorbed by operations	<u>(55,977)</u>	<u>(65,058)</u>

21 Financial commitments, guarantees and contingent liabilities

There are contingent liabilities to pay back any grants received if conditions are breached. The grantors may also ask for money back if they deem too large a surplus has been made.

There are contingent liabilities of £12,000 (2017: £12,000) due to Viking Energy and £1,250 (2017: £1,250) in total between 13 Community Councils should money be received from a community benefit organisation.

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>105,943</u>	<u>95,046</u>

The key management personnel of the charity comprise the trustees, the executive officer and the team leader.

Catherine Hughson, Executive Officer of Voluntary Action Shetland was elected as a councillor with the Shetland Islands Council during the year. Any transactions with Shetland Islands Council are made at arm's length on normal commercial terms.

