

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 2022**

VOLUNTARY ACTION SHETLAND

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	W Shannon (Chairperson from 1 December 2021) O MacLeod (Finance Director) A Duncan M Flaws W Henderson S Laidlaw A Miller (Chairperson to 1 December 2021) M Stewart
Secretary and Executive Officer	L Tulloch
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 Third Floor 2 Semple Street Edinburgh EH3 8BL
Bankers	Bank of Scotland 117 Commercial Street Lerwick ZE1 0DL

VOLUNTARY ACTION SHETLAND

CHAIRPERSON'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

We are now seeing light shining at the end of what has been a long, dark Covid tunnel, which is encouraging and uplifting. The impact on so many lives over the past couple of years should not be underestimated.

However, what has been clear, especially over the last 12 months is the extraordinary effort that has been made by the VAS team, the groups that we work with and the many volunteers in our community. These have been beacons of light that, despite it all, gave us hope for the future and something to hang on to.

We had to adapt to working in a different way, particularly as lockdown evolved and this was done successfully through a number of events: Virtual Volunteers' Week, Trustees' Week, Saltire Awards – and many others.

I have always thought that the mark of a good society is how well it looks after the most vulnerable. VAS and the groups that they work with and support, help to make sure that those in need of the services that Market House and the Third Sector provides, can access them in a friendly and welcoming environment. This is so important at the best of times but even more so over the last 12 months as people have started to lift their heads and wondered what the world was going to be like as we emerged from lockdown. It is a huge testimony to VAS staff and community groups that have worked hard to ensure the services that make a positive difference to people's lives, are there when they need them.

Lynn Tulloch has been in post for a full year and is settling in extremely well as Executive Officer. All organisations change and Lynn has brought a fresh approach, which has been well received by our partners in the community and the VAS team.

Finally, I want to pay tribute to my fellow Directors on the Board of VAS, who give up their time willingly and contribute because they care and are passionate about the work that VAS does as the umbrella body for the Third Sector in Shetland. What we do and the support that is provided, has never been more needed. Please read the Annual Report 21/22 to get a peerie flavour of VAS.



Willie Shannon – Chairperson

31 May 2022

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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 2022, 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) (as amended from accounting periods commencing from 1 January 2019).

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
- continue to promote volunteering through the Saltire Awards and locally developed schemes
- utilise the knowledge of the skills and expertise of the third sector to enhance delivery of local services
- support and encourage the development of social enterprises
- deliver the outcomes in an Enterprising Third Sector Action Plan through work with partners
- 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 Voluntary Action Shetland's Business Plan:

- To be a Central Source of Knowledge about the Third Sector Locally
- To be the voice
- To Connect
- To Build Capacity

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Volunteers

During the year the charity was dependent on volunteers for the continued provision of a number of their direct delivery projects:- The Shetland Befriending Scheme, the OPEN Peer Education Project and Shetland Carers. The volunteer roles ranged from providing distance support over the phone or through virtual platforms whilst Covid-19 restrictions were still in place to volunteers and service users meeting again in a face-to-face capacity when they were able to. Volunteers also supported a number of group activities when people were able to meet together in groups once more. VAS also recruited a volunteer to help with a variety of jobs around Market House. A total of 46 volunteers contributed towards the total volunteer hours for the year of 1,527. The estimated monetary value of this is £15,270.

The latest stats from the Scottish Household Survey states 52% of adults in Shetland, an estimated 9,792 people, volunteer formally through an organisation or group. This is above the national average in 2018 of 26%. This equates to 1.1 million hours of help, providing £16.8 million to the local economy.

<https://www.volunteerscotland.net/for-organisations/research-and-evaluation/data-and-graphs/local-area-profiles/shetland/>

Achievements and performance

1. To be a Central Source of Knowledge about the Third Sector Locally

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

VAS is constantly working to keep the voluntary and third sector up to date with news and developments; key topics this past year have been COVID-19 recovery related items including funding, support to reopen safely, risk assessment, together with vital charity law and governance updates. VAS achieves this by the one to one work they do and by sending out regular newsletters. Last year 106 organisations received direct support from VAS staff on a range of topics and 41 general newsletters, 41 funding newsletters and 84 Information e-bulletins were sent out.

The Third Sector Forum – a network of third sector organisations in Shetland has strengthened the collaboration and networking opportunities for forum members, which meets monthly. The forum currently has 27 member organisations sharing information and good practice, bringing in speakers and professionals as needed. Emerging needs and gaps can be identified and solutions worked out together. Public sector agencies use the forum to consult and work with the third sector around policies and services recognising the value of the services provided. 10 Third Sector Meetings occurred last year with 6 having Statutory Partners engagement.

2. To be the voice

VAS continues to represent the Third Sector on various strategic groups and forums and the list of representations can be found on the new VAS website:

<https://www.voluntaryactionshetland.com/what/organisations/representation>

This allows the Third Sector contribution to the Shetland Partnership Plan 2018-2028 and the delivery of the indicators around participation, Place, People and Money to be recognised.

Many of the Third Sector organisations alongside Voluntary Action Shetland contribute to strategies and work plans including Community Learning and Development Plan 21-24, The Health and Social Care Commissioning Plan 22-25, the Shetland Children's Plan 21-24 and various projects including the Anchor/ Early Action Project, Developing the Young Workforce and the Emotional and Wellbeing project.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3. To Connect

VAS continues to connect through various means – e-bulletins are sent out on various topics including legislation, finance, funding and training.

The vital services of the third and voluntary sector continues to support the people and communities of Shetland to feel included, empowered, resilient and safe. VAS provides support to the sector to enable the organisations to deliver their objectives confidently throughout COVID-19 recovery and are better able to contribute to a strong and inclusive local social economy.

This year VAS continued to increase their social media presence with the Voluntary Action Shetland Facebook page alongside the Voluntary Action Volunteering Facebook page. VAS are also on Twitter and Instagram – the numbers reacting and sharing the information continues to grow and VAS have also used social media to promote their work, celebrate achievements and highlight the benefits of volunteering.

Market House closed to the public in March 2020 due to Covid-19 and was able to safely reopen to the public in June 2021. VAS has continued to support the 12 resident independent organisations and their own 3 projects on a daily basis since re-opening.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

4. Build Capacity

Association of Charities Independent Examiners

All Third Sector groups need to have their accounts checked to make sure their finances are managed properly and running smoothly and all registered charities are required to file accounts and returns with OSCR. VAS has 4 members of staff who can independently examine accounts for voluntary organisations and charities with an income less than £100,000 and help them meet their legal requirements. VAS undertook 51 independent examinations last year.

VAS received £73,265.82 from the Scottish Government to respond to the mental health need arising from the pandemic. The ambition of the funding was to support initiatives, which promote mental health and wellbeing at a small scale, grass roots, community level and working collaboratively with a Local Partners to establish local needs and a process to distribute the funds throughout Shetland. 19 Community groups/organisations received funding to support initiatives.

This year VAS staff assisted 106 organisations with one to one advice on a range of topics including, Funding, Risk Assessment, Policies and Procedures, Identifying appropriate legal structures, Modernising constitutions to make them fit for purpose, Charity registration, the SCIO process, volunteer burnout and volunteer succession planning for committee members to name a few.

VAS Volunteering staff currently have 1049 volunteers registered, 229 of which are adult volunteers (over 25 years). They continue to support volunteers to find suitable volunteering opportunities and also support organisations to recruit and reward their volunteers. 158 organisations received support on recruitment of volunteers. There are currently 658 organisations registered and VAS has 65 locally registered opportunities for volunteers.

Saltire

In June 21 the short film made by local filmmaker Keiba Clubb to celebrate March 2021 Awards was launched and well received in the Shetland community celebrating 128 young volunteers receiving awards from all parts of Shetland. VAS also developed a short version of the film, which highlights benefits of volunteering. This was launched later in the year.

There are currently 820 young volunteers (aged between 12 to 25 years old) registered for the Saltire awards in Shetland.

Unfortunately due to Covid-19 the March 22 Saltire event had to be cancelled and was rescheduled to June 2022.

Shetland Community Spirit Awards 2021 – Kindness during Covid

Following on from the success of the 2020 Shetland Community Spirit Awards VAS was delighted to launch the second Shetland Community Spirit Awards. The aim of the Awards was to honour people in Shetland who had shown great initiative and kindness and supported their communities during the Covid-19 pandemic and recovery period and to recognise the amazing volunteering, which had taken place during this time. Their contribution to supporting others throughout such a difficult time has been invaluable and ultimately, volunteers are the golden threads running through our Shetland communities.

Nominations were received during August 2021 and certificates were distributed in September and shared on social media. A final celebration of the recipients was shared via a colour feature in the local newspaper in October.

A total of 48 awards were handed out to 31 individuals, 12 local shops and 5 organisations.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

VAS Carers Service and Shetland Care Attendants Scheme – Partnership Working

Shetland Care Attendant Scheme and VAS Shetland Carers have been building a more co-productive working partnership. In 20/21 they have been working together collaboratively and secured funding until 31st March 2023 from Shetland Charitable Trust via a joint application to provide support to carers in Shetland. In working together, they have been able to support carers more effectively and achieve the following outcomes within the Shetland Carers Strategy:

- To identify carers
- To be supported and empowered to manage their caring role
- To be enabled to have a life outside caring

Financial review

Voluntary Action Shetland has confirmed funding from the Scottish Government for the next year until 31st March 2023 and for the next 3 years from Shetland Charitable Trust until 31st March 2025.

In the year to 31 March 2022 the charity increased unrestricted reserves by £39,307, mainly due to a transfer of historical self-generated funds, leaving £110,519 to carry forward in unrestricted reserves.

Voluntary Action Shetland has been successful in attracting funds for the organisation and during the financial year to 31 March 2022 received restricted funds of £920,206 for specific projects. In the year £919,442 was spent in delivering services for those projects, with some of the funding having been received in previous years; therefore the balance of restricted income funds to take forward into 2023 is £404,548 to support ongoing valuable work for the community and the third sector.

Principal Funding Sources

Revenue Funding is received from Scottish Government, Shetland Charitable Trust, NHS and Shetland Islands Council. External funding for projects includes, The Robertson Trust, The National Lottery Community Fund, Children In Need, Awards for All (National Lottery), Shared Care Scotland - Short Breaks, Better Breaks, Carers Trust, Life Changes Trust, Cash back for Communities - Youthlink Scotland, CO-OP, The Ideas Fund, The Rank Foundation, Tesco's Bags of Help and STV.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 (excluding depreciation) for 2022 was £991,897 and therefore the target is £247,974 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 unrestricted reserves available to the charity of £110,519 have been fully designated and the charity therefore falls 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 £1,251,325. Of this £736,258 represents the cost of the property held by the charity. This then leaves £515,017 in working capital of which £404,548 is included in restricted funds and can only be used in accordance with specific conditions on each fund. The remaining designated funds of £110,519 were held at the year end for the purposes described in the notes to the financial statements.

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 four 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.

Covid-19

An outbreak of Covid-19 had been identified as a global pandemic by the WHO in March 2020. The charity has taken the necessary precautions at an operational and strategic level to mitigate the risk as much as possible. This is discussed in more detail in the Chairperson's report and in the Director's report under Plans for the Future.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Plans for the Future

The Executive Officer of VAS has been asked to continue to deliver activities, indicators and outcomes on the following: "To be a central resource of knowledge on the sector", "To be the Voice", "To Build Capacity" and "Connect".

In March 2020 COVID-19 was identified and impacted significantly in all areas and sectors. In the road to recovery the charity's operations continues to operate within the Scottish Government guidelines. Market House reopened to the public in June 2021 with staff members returning to the office and working a hybrid approach to support face-to-face service delivery.

The charity implemented measures and conducted risk assessments to comply with government requirements and to also continue to support the community. Staff are now providing support to the sector in a blended, hybrid capacity to meet the needs in Shetland. The charity is fortunate that its funders continue to support the organisation and funding is confirmed from Shetland Charitable Trust until 31st March 2025 and the Scottish Government has committed to fund a further year until March 2023.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 22 July 1987. 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:

W Shannon (Chairperson from 1 December 2021)

O MacLeod (Finance Director)

A Duncan

M Flaws

W Henderson

S Laidlaw

(Appointed 1 December 2021)

A Miller (Chairperson to 1 December 2021)

M Stewart

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. Induction meetings occur between the board member and Executive Officer to ensure there is a suitable sharing of information about the charity. A meeting of all directors occurs as soon as possible after the Annual General Meeting to introduce any new directors to other board directors and staff.

VOLUNTARY ACTION SHETLAND

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 are 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 directors 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.

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.



W Shannon (Chairperson)

Director

Dated: 31 May 2022

VOLUNTARY ACTION SHETLAND

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2022

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 DIRECTORS AND 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 2022 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 DIRECTORS AND 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 purposes of company law and included within the annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, included within the annual 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 Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper 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
- we have not received all the information and explanations we require for our audit; 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 exemptions in preparing the directors' report, included within the annual report, and from the requirements to prepare a strategic 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.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Directors' Report, remaining alert to new or unusual transactions which may not be in accordance with charity law, inspecting board minutes and confirming there had been no correspondence with OSCR or external legal advisers in the period.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Data Protection Act 1998 and Protection of Vulnerable Groups (Scotland) Act 2007. We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations and inspected the client's risk register for controls in place.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

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 DIRECTORS AND 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 directors, 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 directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.



Kelly Adams MA(Hons) CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL
13/06/22

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

VOLUNTARY ACTION SHETLAND

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted income funds £	Restricted income funds £	Restricted capital funds £	Total 2022 £	Total 2021 £
	Notes					
<u>Income and endowments from:</u>						
Donations and legacies	2	-	57	-	57	21,587
Charitable activities	3	82,206	919,618	-	1,001,824	924,541
Investments	4	-	531	-	531	1,852
Other income	5	446	-	-	446	13,345
Total income and endowments		82,652	920,206	-	1,002,858	961,325
<u>Expenditure on:</u>						
Charitable activities	6	164,046	919,442	-	1,083,488	871,927
Net (outgoing)/incoming resources before transfers		(81,394)	764	-	(80,630)	89,398
Gross transfers between funds		120,701	(29,110)	(91,591)	-	-
Net movement in funds		39,307	(28,346)	(91,591)	(80,630)	89,398
Total funds brought forward		71,212	432,894	827,849	1,331,955	1,242,557
Total funds carried forward		110,519	404,548	736,258	1,251,325	1,331,955

The statement of financial activities includes all gains and losses recognised in the year. Income is recognised in line with charity accounting requirements and may cover more than one financial year.

All income and expenditure derive from continuing activities.

VOLUNTARY ACTION SHETLAND**BALANCE SHEET****AS AT 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		736,258		827,849
Current assets					
Debtors	13	6,684		9,518	
Investments: fixed term deposits		185,316		183,944	
Cash at bank and in hand		447,908		397,687	
		639,908		591,149	
Creditors: amounts falling due within one year	14	(119,930)		(59,501)	
Net current assets			519,978		531,648
Total assets less current liabilities			1,256,236		1,359,497
Provisions for liabilities	16		(4,911)		(27,542)
Net assets			1,251,325		1,331,955
Capital funds					
Restricted capital funds	17		736,258		827,849
Income funds					
Restricted income funds	18		404,548		432,894
Unrestricted income funds	19		110,519		71,212
			1,251,325		1,331,955

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

See note 12 for further details on the assets and related burden on titles information.

The financial statements were approved by the Directors on 31 May 2022

Olive MacLeod.

O MacLeod (Finance Director)
Director

W Shannon

W Shannon (Chairperson)
Director

VOLUNTARY ACTION SHETLAND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	21		50,221		215,564
Investing activities					
Purchase of tangible fixed assets		-		(7,693)	
Interest received		1,372		2,181	
Net cash generated from/(used in) investing activities			1,372		(5,512)
Net cash used in financing activities			-		-
Net increase in cash and fixed term deposits			51,593		210,052
Cash and fixed term deposits at beginning of year			581,631		371,579
Cash and fixed term deposits at end of year			633,224		581,631
Relating to:					
Bank balances			447,908		397,687
Fixed term deposits			185,316		183,944

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2019). 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. The charity has received funds in advance of continuing activities and has also been successful in attracting additional funding for covid-19 recovery. The board have reviewed budgets for the foreseeable future and with the funds already available for activities together with the income receivable in 2022 and into the medium term, they are satisfied there are sufficient resource to see the charity through for at least 12 months from the date of signing the accounts.

The charity is fortunate that its funders continue to support the organisation. Successful applications have been made to Shetland Charitable Trust which has committed to fund VAS for another 3 years until March 2025 and the Scottish Government has committed to fund another year until March 2023.

Any shortfall in funding can be met from current reserves in the short to medium term. As such, 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 directors in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the directors 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 restricted capital fund relates to the building at Market House. The balance is being reduced as the assets depreciate by transferring an equivalent amount between capital funds and the unrestricted funds.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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.

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 6.

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 three months or less.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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, cash and bank balances and funds invested in fixed term deposit accounts, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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 2022

2 Donations and legacies

	Restricted funds £	Capital funds £	Total 2022 £	Total 2021 £
Donations and gifts	57	-	57	1,520
Grants	-	-	-	20,067
	<u>57</u>	<u>-</u>	<u>57</u>	<u>21,587</u>
For the year ended 31 March 2021	<u>13,894</u>	<u>7,693</u>		<u>21,587</u>

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

CycleScot	-	-	-	7,693
Robertson Trust	-	-	-	12,374
	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,067</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 2022

3 Charitable activities

	Voluntary Action Shetland	Shetland Befriending Schemes	Market House	Volunteering	Carers	Other supplementary projects and activities	Total 2022	Total 2021
	£	£	£	£	£	£	£	£
Performance related grants	179,880	136,215	96,403	94,520	93,581	277,132	877,731	810,524
Other income	29,746	-	52,460	-	75,603	45,217	203,026	124,058
Less: deferred income	-	(19,057)	-	-	(21,472)	(38,404)	(78,933)	(10,041)
	<u>209,626</u>	<u>117,158</u>	<u>148,863</u>	<u>94,520</u>	<u>147,712</u>	<u>283,945</u>	<u>1,001,824</u>	<u>924,541</u>
Analysis by fund								
Unrestricted funds	29,746	-	52,460	-	-	-	82,206	
Restricted funds	179,880	117,158	96,403	94,520	147,712	283,945	919,618	
	<u>209,626</u>	<u>117,158</u>	<u>148,863</u>	<u>94,520</u>	<u>147,712</u>	<u>283,945</u>	<u>1,001,824</u>	
For the year ended 31 March 2021								
Unrestricted funds	22,664	-	39,861	-	-	-		62,525
Restricted funds	225,956	125,533	92,992	94,520	83,503	239,512		862,016
	<u>248,620</u>	<u>125,533</u>	<u>132,853</u>	<u>94,520</u>	<u>83,503</u>	<u>239,512</u>		<u>924,541</u>

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Charitable activities (Continued)

	Voluntary Action Shetland	Shetland Befriending Schemes	Market House	Volunteering	Carers	Other supplementary projects and activities	Total 2022	Total 2021
	£	£	£	£	£	£	£	£
Performance related grants								
Scottish Government	93,480	-	-	94,520	-	108,169	296,169	248,872
Shetland Islands Council	-	17,000	-	-	22,800	46,432	86,232	95,757
Shetland Charitable Trust	86,400	65,700	93,000	-	-	31,200	276,300	240,779
Children in Need	-	28,624	-	-	-	-	28,624	27,928
Scottish Council for Voluntary Organisations	-	-	-	-	-	-	-	2,917
Shared Care Scotland	-	-	-	-	27,463	-	27,463	26,831
National Lottery Community Fund	-	3,333	-	-	-	-	3,333	25,263
Carers Trust	-	-	-	-	43,318	-	43,318	-
Life Changes Trust	-	21,558	-	-	-	-	21,558	10,625
Highlands and Islands Enterprise	-	-	3,403	-	-	-	3,403	99,080
Other	-	-	-	-	-	91,331	91,331	32,472
	<u>179,880</u>	<u>136,215</u>	<u>96,403</u>	<u>94,520</u>	<u>93,581</u>	<u>277,132</u>	<u>877,731</u>	<u>810,524</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 2022

4 Investments

	2022	2021
	£	£
Interest receivable - Restricted	531	1,852

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

5 Other income

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
Coronavirus Job Retention Scheme funding	446	-	446	13,345
For the year ended 31 March 2021	8,001	5,344		13,345

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Charitable activities expenditure

	Voluntary Action Shetland	Shetland Befriending Schemes	Market House	Volunteering	Carers	Other supplementary projects and activities	Total 2022	Total 2021
	£	£	£	£	£	£	£	£
Staff costs	176,052	87,815	33,786	88,233	77,399	112,221	575,506	543,447
Activities undertaken directly	13,908	22,398	41,496	5,412	76,551	187,846	347,611	169,223
Pension remeasurement	(15,661)	-	-	-	-	-	(15,661)	-
	174,299	110,213	75,282	93,645	153,950	300,067	907,456	712,670
Share of support costs (see note 7)	6,496	-	153,089	-	-	-	159,585	144,169
Share of governance costs (see note 7)	16,447	-	-	-	-	-	16,447	15,088
	197,242	110,213	228,371	93,645	153,950	300,067	1,083,488	871,927
Analysis by fund								
Unrestricted funds	21,857	-	142,189	-	-	-	164,046	
Restricted funds	175,385	110,213	86,182	93,645	153,950	300,067	919,442	
	197,242	110,213	228,371	93,645	153,950	300,067	1,083,488	
For the year ended 31 March 2021								
Unrestricted funds	5,760	-	122,053	-	-	-		127,813
Restricted funds	176,990	118,315	96,952	88,680	83,596	179,581		744,114
	182,750	118,315	219,005	88,680	83,596	179,581		871,927

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

7 Support costs

	Support costs	Governance costs	2022	2021	Basis of allocation
	£	£	£	£	
Depreciation	91,591	-	91,591	91,591	Cost
IT costs	67,994	-	67,994	52,578	Cost
Audit fees	-	13,357	13,357	12,180	Cost
Accountancy	-	3,090	3,090	2,808	Cost
Meeting expenses	-	-	-	100	Cost
	<u>159,585</u>	<u>16,447</u>	<u>176,032</u>	<u>159,257</u>	

8 Net movement in funds

	2022	2021
	£	£
Net movement in funds is stated after charging		
Auditors remuneration (including VAT)		
Audit fees	13,357	12,180
Accountancy services	3,090	2,808
Depreciation of owned tangible fixed assets	91,591	91,591
	<u> </u>	<u> </u>

9 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 2022

10 Employees

Number of employees

The average monthly number employees during the year was:

	2022 Number	2021 Number
Management	2	3
Administration	4	5
Project workers	17	17
Manual	2	2
	<u>25</u>	<u>27</u>

Employment costs

	2022 £	2021 £
Wages and salaries	491,376	467,353
Social security costs	43,131	39,541
Other pension costs	40,999	36,553
	<u>575,506</u>	<u>543,447</u>

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

	2022 Number	2021 Number
£70,000 - £80,000	<u>1</u>	<u>-</u>

11 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 2022

12 Tangible fixed assets

	Land and buildings £	Office equipment £	Total £
Cost			
At 1 April 2021	2,270,547	63,562	2,334,109
At 31 March 2022	2,270,547	63,562	2,334,109
Depreciation and impairment			
At 1 April 2021	1,449,622	56,638	1,506,260
Depreciation charged in the year	90,822	769	91,591
At 31 March 2022	1,540,444	57,407	1,597,851
Carrying amount			
At 31 March 2022	730,103	6,155	736,258
At 31 March 2021	820,925	6,924	827,849

The purchase of the property was grant funded and there is a burden on the title of the property which means it cannot be used for investment purposes or to obtain security. The value will be recovered through the charitable activities carried out in Market House.

13 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Other debtors	4,509	8,187
Prepayments and accrued income	2,175	1,331
	6,684	9,518

14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Trade creditors		243	-
Deferred grants	15	78,933	10,041
Other creditors and accruals		20,426	32,698
Short term compensated absences (holiday pay)		20,328	16,762
		119,930	59,501

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

15 Deferred income

Included within creditors is £78,933 (2021 - £10,041) from Shared Care Scotland, Carers Trust, Life Changes Trust, Robertson Trust, Young Start and Co-Op Local Community Fund, Ideas Fund and Rank Foundation (2021 - Life Changes Trust, National Lottery Community Fund, Young Start and Co-Op Local Community Fund) in relation to future years' 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 £10,041 from 2021 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 income and expenditure in respect of defined contribution schemes was £20,359 (2021 - £15,465).

Contributions totalling £nil (2021 - £nil) 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 950 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.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

16 Retirement benefit schemes (Continued)

Valuation

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. 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 2022 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
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Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions (whole scheme - all employers)

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
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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.

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 2022 (£s)	31 March 2021 (£s)	31 March 2020 (£s)
Present value of provision	4,911	27,542	32,634

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Provision at start of period	27,542	32,634
Unwinding of the discount factor (interest expense)	159	733
Deficit contribution paid	(6,970)	(6,767)
Remeasurements - impact of any change in assumptions	(113)	942
Remeasurements - amendments to the contribution schedule	(15,707)	-
Provision at end of period	4,911	27,542

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

16 Retirement benefit schemes (Continued)

Key assumptions

	2022 %	2021 %
Discount rate	2.35	0.66

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.

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Interest expense	159	733
Remeasurements – impact of any change in assumptions	(113)	942
Remeasurements - amendments to the contribution schedule	(15,707)	-
Contributions paid in respect of current year service	20,725	21,088
Costs recognised in income and expenditure account	5,064	22,763

17 Capital funds

The restricted capital fund relates to the building at Market House. The balance is being reduced as the assets depreciate by transferring an equivalent amount between capital funds and unrestricted funds.

	Balance at 1 April 2021 £	Incoming resources £	Movement in funds Resources expended £	Transfers £	Balance at 31 March 2022 £
Restricted capital fund	827,849	-	-	(91,591)	736,258
	827,849	-	-	(91,591)	736,258

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Restricted income 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 1 April 2021	Incoming resources	Resources expended	Transfers	Balance at 31 March 2022
	£	£	£	£	£
<i>Voluntary Action Shetland</i>					
SCT VAS	20,213	86,400	(91,983)	-	14,630
Scot gov VAS	26,468	93,480	(99,063)	-	20,885
VAS - pension deficit	(27,542)	-	15,661	6,970	(4,911)
<i>Shetland Befriending Schemes</i>					
SCT Children and YP	22,894	53,000	(48,363)	225	27,756
16+	6,164	29,701	(21,078)	-	14,787
ASN	7,883	28,651	(27,843)	(225)	8,466
General SBS	25,475	30	-	-	25,505
60+	1,520	-	(36)	-	1,484
Befriending and peer support	12,488	5,833	(11,186)	-	7,135
SBS - Telephone service	1,707	-	(1,707)	-	-
<i>Market House</i>					
SCT MH	7,320	96,403	(86,182)	-	17,541
<i>Volunteering</i>					
Volunteering	21,980	94,520	(93,645)	-	22,855
<i>Carers</i>					
Carers strategy	8,201	147,561	(151,305)	4,311	8,768
Carers General/Donations	5,127	151	(3)	2,953	8,228
Dementia Support	6,181	-	-	(6,181)	-
FAB group	1,285	-	(1,285)	-	-
Carers - COVID 19	2,440	-	(1,357)	(1,083)	-
New Shetlander	-	7,665	(4,727)	-	2,938
SVAD	89,953	-	35	(36,080)	53,908
Supporting projects	95,112	37,613	(20,450)	(472)	111,803
Parent Link	11,706	-	(108)	-	11,598
Training Budget	2,488	600	375	-	3,463
VAS fund distribution	-	83,266	(83,266)	10,918	10,918
Peer Education	12,613	155,332	(131,154)	-	36,791
Vaila Fund	10,918	-	-	(10,918)	-
Community Recovery Fund (C19)	60,300	-	(60,772)	472	-
	<u>432,894</u>	<u>920,206</u>	<u>(919,442)</u>	<u>(29,110)</u>	<u>404,548</u>

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

18 Restricted income funds (Continued)

Description, nature and purposes of each fund:

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

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

Volunteering supports volunteering in organisations, and also supports the Saltire Awards and in 21/22 the Shetland Community Spirit Awards.

Shetland Befriending Scheme continues to evolve and change in light of demand for the service. In 20/22 the service was able to develop a short term Covid-19 telephone response service to support individuals in the community as well as staff and volunteer supporting existing service users in a distance capacity. Demand continues to be high for the service in returning to face-to-face support and staff have been working on recruiting more volunteers.

Shetland Carers 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. There has been a 57% increase of registered carers for the service since March 2020 and last year awarded 96 grants (or memberships to Shetland Recreational Trust leisure centres) to carers worth £16,250 funded by Short Breaks Fund and Shetland Charitable Trust.

OPEN Peer Education Project trains young people (16 – 25) as 'peer educators', to deliver workshops and training to other young people across Shetland. The project also provides a peer mentoring project and supports 6 Emotional Wellbeing and Resilience workers as part of the Emotional Wellbeing and Resilience project, a project funded through the Shetland Islands Council. They also support a weekly youth café, 2 peer researchers and are currently supporting a Time to Shine Leader who is exploring OPEN becoming an independent youth led charity.

New Shetlander is a literary magazine, published three times a year by VAS.

The **Vaila 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. The brought forward balance on this fund of £10,918 was transferred into a new department called **VAS Fund Distribution**. This department will be used for any fund distribution activity.

Some funds in **Supporting Projects**, **Supporting Voluntary Action Development** and **Parent Link** are planned to be used to support an additional post within VAS team.

During the year an approved transfer of £36,080 was made of self-generated funds from **Supporting Voluntary Action Development** to the **Designated Sustainability Fund** to increase VAS reserves.

SBS Telephone Service, the **FAB Group** and **Community Recovery Fund (C19)** departments concluded during the year with all funds spent. There had been a small overspend in the Community Recovery Fund with funds transferred from Supporting Projects to balance this.

Carers Dementia Support and **Carers Covid-19** departments were closed and funds transferred to **Carers Strategy** to support ongoing work with some funds being transferred to **Carers General/Donations** at the year end.

Training Budget – This fund is used to support any VAS training activity.

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

19 Unrestricted funds

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

	Movement in funds			
	Balance at 1 April 2021	Incoming resources	Resources expended	Transfers
	£	£	£	£
Designated Sustainability	71,212	82,652	(164,046)	120,701
Total unrestricted funds	71,212	82,652	(164,046)	120,701

During 2018 the directors agreed to undesignate several funds and redesignate them into one new 'sustainability fund'. This fund is to enable VAS projects to continue to deliver services in the next financial year, also for nonrecurring expenditure that will build long-term capacity and to fill any possible funding gaps of other projects. The fund is also to be used to service the defined benefit pension deficit. The present level of reserves of VAS falls considerably below the target set.

During the year a transfer of £91,591 was made from the restricted capital fund in line with the depreciation on the Market House assets, and a further approved transfer of £36,080 of self-generated funds from **Supporting Voluntary Action Development** to increase VAS reserves.

20 Analysis of net assets between funds

	Unrestricted fund	Restricted fund	Restricted capital fund	Total
	£	£	£	£
Fund balances at 31 March 2022 are represented by:				
Tangible assets	-	-	736,258	736,258
Current assets/(liabilities)	110,519	409,459	-	519,978
Provisions	-	(4,911)	-	(4,911)
	110,519	404,548	736,258	1,251,325

VOLUNTARY ACTION SHETLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

21	Cash generated from operations	2022 £	2021 £
	(Deficit)/surplus for the year	(80,630)	89,398
	Adjustments for:		
	Investment income recognised in statement of financial activities	(531)	(1,852)
	Depreciation and impairment of tangible fixed assets	91,591	91,591
	Movements in working capital:		
	Decrease in debtors	1,993	9,158
	(Decrease)/increase in creditors	(8,463)	23,570
	Increase in provisions	(22,631)	(5,092)
	Increase in deferred income	68,892	8,791
	Cash generated from operations	50,221	215,564

22 Analysis of changes in net debt

	Balance at 1 April 2021 £	Cash flows £	Balance at 31 March 2022 £
Cash at bank and in hand	397,687	50,221	447,908
Fixed term deposits	183,944	1,372	185,316
	581,631	51,593	633,224

23 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.

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	124,922	132,832

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