Aberlour Child Care Trust

Annual Report and Financial Statements

Year ended 31 March 2020

Company Number SC312912 Scottish Charity Number SC007991

Aberlour Child Care Trust
For the year ended 31 March 2020

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For the year ended 31 March 2020

Charity Information

Directors
Valerie Surgenor – Board Chair
David Elder – Vice-Chair
Antony John Sinclair – Chair of Finance Committee
Jane Elizabeth Morgan - Chair of Improvement, Audit & Risk Committee
Andrew Black – Chair of Investment Committee
Andrew McFarlane – Chair of Nominations & Succession Committee
Gary Tanner (resigned 22 May 2019)
Timothy Armstrong
Ross Mathison
Robert Lindsay
Neil Byers (appointed 2 December 2019)
Jennifer Robertson (appointed 2 December 2019)
David Robb (appointed 19 December 2019)

Chief Executive
SallyAnn Kelly

Company Secretary
Ian Black

Charity Number
SC007991

Company Number
SC312912

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Forthside Way
Stirling, FK8 1QZ
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www.aberlour.org.uk

Auditor
BDO LLP
Registered Auditor
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65 Haymarket Terrace
Edinburgh, EH12 5HD

Investment Managers
Quilter Cheviot Investment Management
Delta House
50 West Nile Street
Glasgow, G1 2NP

Bankers
The Royal Bank of Scotland plc
Unit 22/23
Goosecroft Road,
Stirling, FK8 2EA

Solicitors

MacRoberts LLP	Kerr Stirling	Clyde & Co. LLP
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Chair's Report

As I step down as Chair of Aberlour Child Care Trust, I am heartened to be leaving a resilient and influential organisation. Aberlour works alongside many of the most disadvantaged children and families in Scotland and ensures that their voices are brought to decision makers.

Aberlour has established its place as a consistently high-quality provider of social care for some of Scotland's most disadvantaged young people and their families. But Aberlour's contribution does not end with delivery. The organisation uses the knowledge experience delivery provides to campaign on behalf of children and families.

The 2019/20 Annual Accounts demonstrate Aberlour's underlying strength and sustainability, despite operating in the most challenging circumstances.

Supporting and protecting some of Scotland's most vulnerable children, young people and their families is at the heart of what we do. We adapt our services to meet the individual needs of those children, many of whom face overwhelming obstacles.

Throughout the year we have continued to focus on the ambitions captured in Our Aberlour, our strategy for 2018-21, which seeks to support children and families earlier. Threaded through everything we do is our commitment that they should have the best possible start in life so that they can flourish and contribute to Scottish society.

We do this through growing and delivering our services, policy and practice development and campaigning activities. This introduction to the Financial Statements provides an overview of some notable activities, developments, and achievements for the organisation during the year.

Overview of Aberlour Child Care Trust

In keeping with previous years, the Statement of Financial Activities shows a strong trading position along with a resilient balance sheet, which positions Aberlour well for the challenges we face.

The Board is mindful of discharging good governance and working within the regulatory environment through, for example, the Duty of Candour and Notifiable Events. Procedures are in place to provide early awareness and information to all interested parties.

The Board and its committees met regularly over the year, both conventionally and remotely using technology in response to the lockdown restrictions, as we review the progress towards meeting strategic objectives. We undertake a regular review of the processes and controls put in place to deal with our operating context, as set out in our Corporate Risk Register and regular reviews of progress on meeting corporate strategy.

The investment portfolios held in the Endowment Fund and Urgent Assistance Fund enable Aberlour to operate independently, advocating on behalf of children's rights, free from contractual constraints. These portfolios are of significant value and have been managed effectively by Quilter Cheviot, although could not be fully insulated from the global financial crisis.

Our Investment Committee undertook regular and diligent scrutiny of the performance of the Fund Managers and ensured the ethical requirements were complied with.

This was the first full year of being able to augment the grant-making capacity of the Aberlour Urgent Assistance Fund from capital growth and it is heartening to see this expand to reach more families during 2019/20. With the onset of the Covid19 pandemic and the introduction of lockdown, the Board realised immediately the hardship that would be caused for so many families.

Anticipating a significant increase in the demands on the Fund, Aberlour launched a Coronavirus Urgent Assistance appeal on 17th March 2020, some considerable time before other charities. The purpose of the appeal was to boost the income to the Fund and enable us to give cash grants to families in immediate and desperate need.

Chair's Report (continued)

Recognising the gravity of the situation, the Board agreed a transfer of £100,000 from Unrestricted Reserves to the Fund. During the last two weeks of the year, the appeal generated income and pledges worth £112,500, an outstanding achievement in a short space of time. We saw applications to the fund rise by 914% from previous average weekly levels.

Relationships with McRoberts, Clyde & Co, Marsh, Kerr Stirling, BDO LLP and Quilter Cheviot Investment Management Services remain strong and are highly valued, offering guidance and adding value beyond contractual and regulatory requirements. Their contributions are highly beneficial to the Board in its governance role and Senior Leadership Team. We remain grateful for their ongoing support and counsel.

Once again, we see evidence of the efforts and impact of all at Aberlour, our external networks, our valued supporters and growing number of committed volunteers, and importantly our funders and fundraisers. Our combined efforts have clearly and tangibly improved the lives of many children, young people, and families across Scotland in the past year. I am enormously grateful to everyone who has played a part. I look forward to seeing Aberlour go from strength to strength in the coming years.

Valerie M Surgenor

Valerie Surgenor LLM, LLB, BA (Hons), DipLP, NP
Chair of the Board
Aberlour

David Robb
Chair of the Board (from 21.9.20)
Aberlour

Chief Executive's Report

I am delighted to share the progress that Aberlour has made in 2019/20. We set ourselves some ambitious plans focused on reaching even more children and families in need of support. Continuing economic uncertainty and rising levels of poverty underlined why this mattered.

We continue to successfully grow our portfolio of services. Increasingly our support to families is informed by listening to them and delivering what they tell us they need most. This is evident in the development of community focussed support in Dumfries and Galloway, and in our Sustain services in Borders and Perth and Kinross.

We have taken innovative approaches to ensure the voices of our children guide and mould the shape of the support they receive. This is happening across the country, within our foster homes and our children's houses, and in the community with individual families. It is the source of rich learning for us and informs what we communicate to, and ask from, decision makers and other influencers.

We have been bold in our campaigning and influencing. We have worked collaboratively with others in the poverty sphere to shine a light on child poverty. We have partnered with others in the learning disability and parenting spheres to champion the interests of parents with additional learning needs. In both cases our overriding purpose has been to get early help to support families them to thrive and transform the lives of children and parents in Scotland.

It remains an immense privilege to lead Aberlour, navigating the organisation through troubled economic and political waters. Our organisational values of **integrity**, **respect**, **challenge,** and **innovation** have remained at the heart of all that we do.

Thank you for your support. It is with your continued backing and generosity that we will be able to achieve even more and reach out to children and families in Scotland most in need of support.

Delivering services to children and families

The year has been one of growth and innovation. We have continued to sustain, develop, and invest in a wide range of children and family support services across Scotland. Highlights include:

- In Aberdeen we secured preferred provider status with Aberdeen City Council in a development which has the potential to substantially increase our delivery of services to families that have children with a disability. With the support of commissioners, we will make a significant investment to enhance and refurbish our Kaimhill premises in Aberdeen for the project.
- We designed and developed a bespoke service in Fife for one young person so he could remain in his community and close to his family.
- Our fostering service is now registered as a national service managed by a single assistant director with an ambitious plan to grow and develop fostering supported by substantial organisational investment.
- Aberlour is the lead partner for LoveInC, a three-year programme, funded by the Life Changes Trust; other partners are Includem, Care Inspectorate and CELCIS. The aim of the programme is to explore whether or not there is love in the care system and to develop tools for the workforce to help them consider what love means in their role and how they can show this. The programme is designed to give privilege to young people with care experience. It is delivered by a programme manager supported by two development assistants and it is designed to work in Fife and Aberdeen, where Aberlour and Includem have existing service portfolios.
- We established a new community hub in Dumfries and Galloway supported by Investing in Communities funding.
- We established a new service supporting families of prisoners in Dumfries and Galloway prison with investment from the Scottish Government Challenge Fund.
- Our Sustain service in Scottish Borders is a bespoke family support service that aims to work with families to prevent children coming into care. Social Value Lab conducted and independent evaluation of the service and found that the service had been successful in its main aim to avoid four out of five children and young people into care.

Chief Executive's Report (continued)

Business development

Our achievements in service delivery have been enabled by an outstanding year for our business development team which has achieved a more than **80%** success rate on tenders and strategic funding applications. That success is testament to the quality of the services we deliver. Key achievements include:

- Expanding our support for asylum seeking children across Scotland with the support of £1.2m from the Asylum, Migration and Integration Fund.
- Digital Transformation, enabling Aberlour to accelerate our service redesign and digital work, with the support of £500,000 from the National Lottery Communities Fund.
- Building our community-based services/ hubs, including direct Scottish Government investment via Aspiring Communities and Investing in Communities funding of £300,000.
- Developing our Sustain services, securing £150,000 for a Sustain North Ayrshire service.

We have also continued to support the development of key capital projects, including:

- A new disability residential in the Scottish Borders
- Two new mainstream residentials in Tayside

The business development team has continued to operate collectively, supporting operational teams to deliver growth and innovation, and working in partnership with the corporate functions such as finance and human resources. An active development pipeline is maintained, offering the prospect of new work and opportunities across Scotland.

Some setbacks

As an organisation that secures work from public sector bodies, Aberlour continues to be affected by expenditure constraints. Balanced against our many successes there have been some disappointments this year:

- Renegotiation and subsequent down-sizing of the contract for residential care in Highland, leading to the closure of the Tain service;
- Closure of the successful Highland Sustain service after a lack of commitment from commissioners led to the withdrawal of a funding package; and,
- Services in Dumfries & Galloway were reduced after a budget decision by the Council to reposition its care priorities.

Aberlour has a policy to maintain and underwrite funding for services from internal resources if there is a viable business opportunity. Where this does not exist, regrettably service closure ensues, and asset rationalisation is undertaken.

Policy, campaigns and advocacy

Throughout the year we have continued to influence public policy in Scotland, with a focus on poverty, disadvantage and children's rights and participation. Highlights include:

- Our **No Bad Ends** campaign has aimed to highlight the stark impact of poverty and deprivation on Scotland's children. The campaign draws on research commissioned by Aberlour and conducted by Professor Morag Treanor at Heriot Watt University which highlighted that young people in our most deprived communities are at least three times more likely to die before they are 25.

  We have continued to lobby the Scottish Government to do more in response to child poverty, by increasing household incomes for low income families and putting money directly in families' pockets. We have also urged MSPs and engaged directly with all political parties to call on Government to do more. In 2019, along with more than 70 children's charities, anti-poverty

Chief Executive's Report (continued)

organisations, campaigners, academics, and others, we successfully lobbied the First Minister to use the Scottish Government's new welfare powers to introduce the Scottish Child Payment.

- The **No Place Like Home** campaign, launched in 2018, has been developed in partnership by Aberlour and parents with learning disabilities we work with. It is supported by the Scottish Commission for Learning Disability (SCLD) and Parenting Across Scotland (PAS). Research tells us that at least 40% of mums, dads, and carers with a learning disability have children who are taken to care.

  In October 2019, Aberlour hosted an event to launch its campaign film at the Scottish Parliament alongside South Ayrshire parents with learning disabilities. Parents with first-hand experience of having their children removed spoke to an audience, including invited guests, MSPs and the Minister for Children and Young People, Maree Todd. They highlighted their own experiences and the impact on them and their children of being involved in the child protection system, and the challenges of being parents with additional learning needs. They also spoke of the help and support that they received from Aberlour, and the difference that made to make sure their children could live at home and families remain together.

- Aberlour continues to support and promote children and young people's participation in all sorts of ways across the organisation. In 2019, around 50 Aberlour young people from across Scotland came together for the 4th annual **AbJam** event to meet, share, learn and have fun. The young people spent a fun – if soggy – weekend in rural Perthshire enjoying outdoor activities, topical workshops, special guest speakers and social events. For many, it was their first chance to leave their hometown and enjoy a holiday.

  The event was designed and planned over six months by Aberlour young people themselves. The theme for 2019 was young people's rights, with all the activities, speakers and workshops focused on the rights of young people. Planned and delivered by young people themselves, workshops included: social media and mental health; LGBTQ+ awareness; gender discrimination; street safety; and disability awareness. These were followed by a keynote address from Maree Todd MSP, Minister for Children & Young People.

Working in partnership

Working in partnership with others has continued to be key to our approach in achieving the best outcomes for children and families. We know that to have a positive impact on their lives we cannot do everything on our own and that we need to work with other organisations who have specialist expertise and knowledge.

- We have continued to work with the Scottish Refugee Council to develop and deliver our National Guardianship service. Our guardians support child refugees and victims of trafficking who arrive in Scotland alone. We provide information and advice, and advocate on their behalf. The partnership with the Scottish Refugee Council has enabled us to develop and expand our services.

- We have had a longstanding partnership with Glen Housing Association in Fife. We have continued to work together with families to design a new short breaks service for children and young people with disabilities and a number of forever homes so that young people with disabilities can return to and remain in their own communities close to their families. Building works commenced in March 2020 with an expected completion in 2021.

- Our partnership success with Glen Housing prompted us to look at creating a new disability service in the Scottish Borders. We have developed a new partnership with Scottish Borders Housing Association and together the Scottish Borders Council our new service will provide invaluable support to families with a disabled child. The new development provides residential care for children who can no longer live in their families, meaning they do not have to leave the Scottish Borders and enabling children to live independently as possible

Chief Executive's Report (continued)

- We have a long standing partnership in Glasgow with Shelter Scotland and worked together we have worked to support women who are victims of domestic abuse. We have also collaborated on a new initiative our journey home which prevents children and families becoming and remaining homeless.

- With the support of Dumfries and Galloway Council, we have developed a community led and place-based approach which aims to enable families and communities to be better connected and play a role is leading change. We worked with local partners to establish a community hub which included the first community fridge freezer (funded by the Dumfries and Galloway hardship fund), a community laundry (funded by Dumfries and Galloway Housing Partnership), and a clothing bank which has been enthusiastically supported. We have secured funds from the Investing in Communities Fund which will provide a Community Connector and a caretaker to develop this work.

SallyAnn Kelly

SallyAnn Kelly
Chief Executive

Directors' Report (including Strategic Report)

The Directors present their report and financial statements for the year ended 31 March 2020. These have been prepared in accordance with UK Generally Accepted Accounting Practice, the requirements of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Companies Act 2006 and the Charities SORP (FRS102).

Structure, Governance and Management

Aberlour was founded as an orphanage by Canon Charles Jupp in 1875. He believed that every child has the ability to grow up and flourish in society, regardless of the circumstances of his or her birth. In 1978 Aberlour Child Care Trust became a Scottish Charity constituted by a statutory instrument. On 31 March 2010 the Trust was wound up and on 1 April 2010 its assets, liabilities and undertakings were transferred in their entirety to a charitable company limited by guarantee, Aberlour Child Care Trust. The Office of the Scottish Charities Regulator approved the transfer, with the principles and ethos of Canon Jupp continued and to be reflected in Aberlour's values of Integrity, Challenge, Innovation and Respect.

Governance, management and activities of the charitable company remain very similar to those of the Trust. The Governors of the Trust became Directors of the company. The Directors of the company are the members of the Trust and their liability is limited to £1 each. A review of the constitution was concluded in 2018 to ensure governance remains effective and flexible to adapt to future developments.

The Board comprises Directors elected following recommendation of the Nomination & Succession Committee, based on their experience and ability to make positive contributions to the governance of the charity. The Scottish Episcopal Church may propose candidates for two Director positions. New Directors have references taken up along with enhanced Disclosure Scotland checks. Induction packs and briefings on Aberlour's policies and plans are provided and Directors are encouraged to visit services. It is the Board's practice to elect Directors to serve an initial four-year term and can be extended by mutual agreement.

The Board meets at least four times a year; it approves the operating plan and budget for the forthcoming year in March and at each meeting monitors performance and outcomes. The Board operates four committees namely: Finance; Improvement, Audit & Risk; Nominations & Succession; and, Investment Committee. Implementation of the strategy and financial plan is delegated to the Chief Executive.

The Board continues to assess the major risks to which Aberlour is exposed, in particular those relating to services to children and families and to its finances. The risk register is reviewed regularly by the Senior Leadership Team and bi-annually by the Board and regularly by the IA&R Committee.

The Board

The Directors who held office since 1 April 2019 are listed on page 1.

The Directors of the charitable company (the Trust) are its Trustees for the purpose of Charity Law and throughout this report are referred to as the Directors.

Key management of the company is carried out by the Senior Leadership Team which consists of the Chief Executive, Director of Children and Families, Director of People & Quality, Director of Marketing & Fundraising, the Director of IT and Digital, and the Director of Finance & Resources, who also performs the role of Company Secretary.

Overview

Aberlour Child Care Trust is proud of its heritage and it continues to be recognised for its high quality, innovative work with some of Scotland's most vulnerable children, young people and families. During the past year we have continued to operate within a challenging economic environment with ongoing austerity bearing down on public sector finances. Further reductions in public spending have meant that we continue to operate with standstill budgets or, in some cases, have had to accept funding reductions. Many long-standing services are being subjected to re-tendering processes which are challenging and introduce risks, but Aberlour has been successful in retaining contracts; winning work in new areas; innovative and transformational concepts. Our role has been strengthened in several areas where we have had a long-term presence

Director's Report (Continued)

We continue to promote the availability of the Aberlour Urgent Assistance Fund, which was created following the one-off donation from St Clair's Trust of £1,325k in 2015/16. In 2019/20 the value stood at £1,371k (2018/19 - £1,494k). Earnings in 2019/20 totalled £45k (2018/19 - £44k), of which £79k (2018/19 - £54k) was paid to beneficiaries across Scotland. These monies support families in crisis situations and are often essential to maintaining stability within family units. Any earnings that are unspent in one year are carried forward as Restricted Funds for application in the following year. In 2018 OSCR approved an application to utilise capital growth to augment payments from AUAF. This and a focused Fundraising campaign will hopefully increase the grant-making capacity allowing more need to be met in the increasingly difficult circumstances brought about by the "lock-down."

Monies received from bequests and legacies totalled £38k (2018/19 - £354k) which has improved Unrestricted Reserves funds. With ongoing public sector funding constraints, in some Services income for the year would have exceeded expenditure, so with funders agreement, Aberlour was able to apply accumulated Restricted Reserves.

We continue to adapt organisational structures to improve efficiency to help meet future challenges, focussing on building a sustainable future. We constantly review our cost base and have sold non-operational assets and co-located services and regional offices. The sale of our Stirling head office in 2019 allowed the organisation to move to a modern, efficient and purpose-built facility with better transport connectivity and allowed resources to be released to reinvest in operational care facilities.

Aberlour has sought to influence the national policy agenda for children and young people, seeking to ensure that they are at the heart of decision processes of national and local Government. We have developed our volunteering strategy and have exploited opportunities available to Services. As a learning organisation, we continue student placements so the future social care workforce can benefit from our vast experience, knowledge and skills across our activities.

The economic climate is constrained, creating a challenging and competitive landscape across the third sector. Aberlour continues delivering quality services, seeking new opportunities and growing our business. We have collaborated with other charities and key stakeholders where this offers best value, reduces unnecessary duplication and shares resources.

Vision and Services

Aberlour's vision is to transform the lives of the children and families we work with and, through this, contribute to a fairer and more equal society. Aberlour is the largest solely Scottish children's charity and each year we help a significant number of children, young people and their families to cope with major obstacles such as disability, exclusion, parental drug and alcohol dependency and family breakdown. We provide a range of specialist, high quality, community and residential care services in over 40 services across 35 locations across Scotland ranging from high-needs care to early intervention.

We have delivered and invested in:

- Residential care services for young people of all ages, based upon our specialist care practice and philosophy and will extend our person-centred approach to achieve optimum outcomes;
- The Sustain Service model, operational across Scotland, which is an innovation aiming to reduce the prospect of deterioration in the circumstance of young people on the "edge of care";
- Our specialised Fostering Service which supports foster carers 24 hours per day, 365 days per year, including dedicated respite care for children in foster care;
- A throughcare and aftercare service for young people who would normally leave care at age 16 providing more support in adolescence and ongoing care to enable them to fulfil their potential, without public sector funding;
- Support to children whose lives are affected by parental alcohol and drug misuse.
- Residential care, respite and outreach services for children and young people with challenging and complex needs and often profound and severe learning difficulties and physical disabilities;
- Support services for children and families impacted by parental learning disabilities.
- Support for young people not in education or employment who need help with life's challenges;
- Information, training and leisure activities for young people living in areas of social deprivation, crime, drug or alcohol dependency and gang cultures in challenging estates in urban areas;

Director's Report (Continued)

- Facilities to promote positive parenting, early years learning and social skills within vulnerable and disadvantaged families;
- A Guardianship Service, which supports young unaccompanied asylum seekers;
- Innovative support networks for women affected by poor mental health in perinatal stages; and,
- Training and education for childcare professionals to build and sustain a competent and confident workforce.

ACHIEVEMENTS AND PERFORMANCE

Investing in our Services

We continue to deliver services that make a difference to the lives of young people. A few of the highlights this year include the following:

- We invest in development, quality assurance and maintenance programmes for our services, which we recognise as being home for the children and young people in our care;
- Our long-standing residential care provision in Fife and the Highlands for young people who have suffered trauma remain a main stay;
- Data analysis and surveys to prepare for introducing an organisation-wide asset management strategy that will ensure our organisational infrastructure remains fit for purpose and robust;
- We develop and promote our Perinatal mental health Services supporting women, children and their families with an innovative befriending model, now operational in Forth Valley and East Lothian. Independent research by Stirling University affirms the positive impact derived from this service and we aim to roll this out nationally, supported by NHS boards.

Investing in our People

Aberlour acknowledges and values the contribution our staff make, and this has long been recognised externally by holding the Investors in People award which we hold at the Gold level. We will progress IIP framework to ensure excellence in our workforce practices.

A separate IIP evaluation of our employment support arrangements for our younger employees has been determined to provide excellent practices in this subset as our award of a silver level of accreditation in the Investors in Young People assessment.

Aberlour operates fair and lawful practices in the promotion of equitable and needs-based access to training and career development resources for all staff. We view this as a key requirement to ensure our workforce remains skilled to meet changes and future development challenges.

Our annual one-day Staff Conference is a forum for staff consultation, celebrating successes in the contribution of our staff in the lives of the children, young people and families we support, but also considers developments in childcare and events that will shape childcare policy going forward. The day is shared with staff, young people, board members, invited guests – and the outside world through various social media channels. The event is valuable at many levels and is now an annual fixture.

Aberlour hold the disability "Two-Tick" award showing our commitment to equal opportunities from the start of the recruitment process where we actively encourage applications from disabled people and support all staff in ongoing employment. Aberlour operates fair, lawful and enlightened practices in the promotion of training and career development for all staff regardless of disability.

KEY PERFORMANCE INDICATORS

We had 24 registered services in 2019/20, which continue to perform well in inspections. The Care Inspectorate assess Aberlour to be a low risk and high performing organisation, an accolade for the organisation.

We work to meet all the obligations that care and workforce regulations require and have a robust learning and development plan that maintains this. Outcomes over the last twelve months have been:

Director's Report (Continued)

- 4,133 formal Learning Activities over the past 12 months, comprising 2,834 e-learning activities completed and 1,299 attendances at face to face training events; on average each worker in Aberlour has completed 9 learning activities over the past 12 months;

- 79 different learning course subjects with 196 courses being delivered.

Residential care remains a mainstay of Aberlour's operations and a relatively fixed cost. We monitor this closely and our occupancy rate in 2019/20 was 95% compared to 93% in 2018/19 due to the success of our "Strengthening Sycamore" programme.

Staff absence rate was 5.03% in 2019/20 compared to 4.58% for 2018/198, rates which are comparable within the childcare sector.

Staff turnover was 24.09% in 2019/20, compared to 28.14% in 2018/19, with 14.95% leaving the organisation voluntarily. Turnover rates are reviewed closely as this has implications on management time involved in recruitment and induction, and human resource processes and learning and development, but possibly most importantly reduces the ability to form strong beneficial relationships with young people. This is a prioritised area of management focus as we aim to reduce turnover.

Aberlour annually conduct gender pay gap reporting and we reported a 7.28% mean pay gap, against a national average of 17.3%. As per legal requirements the report has been published in full on our website and we are reviewing ways to reduce our pay gap further.

REMUNERATION POLICY & EMPLOYEES

Aberlour pays no less than the Living Wage to all staff and are committed to maintaining this policy and we proudly hold membership of the Living Wage Foundation. There is an agreed job evaluation scheme against which all jobs are evaluated. This scheme includes all posts in the organisation, including promoted posts. Any changes to remuneration outwith the cost of living arrangements which are recognised in an annual pay award, must be are assessed and justified using the job evaluation scheme and the associated pay scales.

The pay award is considered and determined by the Board of Directors on an annual basis. Decisions are based after consideration of affordability, sustainability and competitiveness within third sector employment trends. We aim to make a standard annual cost of living increase to all staff, although in recent years we have felt the need to increase the payment to lower paid staff.

Our Aberlour Pride Network continues to grow, and we offer staff support to encourage involvement. We work closely with Stonewall and will review our workplace equality index.

FINANCIAL REVIEW OF 2019/20

Income from charitable activities for the year was £16,497k compared to £15,865k in 2018/19. Voluntary income, including donations, legacies and other income for the year was £1,621k compared with £1,721k for the previous year and efforts will continue to grow this income stream to maximise the services provided.

Total expenditure for the year was £19,666k compared with £18,602k in 2018/19. The charity recorded an 'operating' surplus of £263k (2018/19 - £51k) as reflected in the statement of financial activities (after adjusting for the pension fund expenditure movement).

The level of Unrestricted Reserves has increased from £3,952 to £4,964k, which provides the organisation with resilience and the capacity to develop services and initiatives.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors regularly assess the major risks facing the Trust in detail at the I,A& R committee, and make recommendations to the Board on any formal changes to the risk profile. Particular focus is given to those related to the financing, operations and reputation of the Trust. The directors are satisfied that systems are in place to mitigate their exposure to the major risks. A comprehensive corporate risk register is formally maintained to ensure the key risks are identified and the mitigation measures are effective.

Director's Report (Continued)

The most recent review identified the most significant risks to be:-

- The Scottish Government's Financial Redress scheme and claims against the organisation for damages in relation to claims of historic abuse. To manage these exposures (i) discussions with civil servants are ongoing to establish what contribution could be sought from Aberlour, and (ii) a specialist insurance archaeology firm are conducting a review of the cover over public liability cover the period in question. Our involvement in this area risks reputational damage.
- Organisational Sustainability is at risk if Fundraising targets are not met, although these risks are managed by having budget targets and closely monitoring performance and proactively seeking funding through marketing and having high profile Donor Acquisition Programs.
- Staff recruitment and retention has been challenging in an environment of low unemployment and various initiatives were launched to address issues fed-back through staff consultations and remuneration and terms of employment were improved by affordable levels.

FUTURE DEVELOPMENTS

Our organisational strategy for success "Our Aberlour" stated our ambitions as being to:

- Grow and deliver services in and out-with Scotland;
- Leverage a step-change in funding and resources;
- Become the leading-edge organisation of choice;
- Shape and lead through new campaigns; and,
- Provide a platform for lived experiences.

Our approach to business planning is focussed on quality, impact, sustainability and growth. Service and regional plans feed into our organisational plan so they can be easily monitored from our organisational business plan dashboard. We have set annual growth targets of 6% per region and can monitor progress towards this through quarterly reviews.

Our continued application of the Shipley approach to competitive tenders emphasises the merits of Aberlour to commissioners. This is felt to be a key factor in our recent successes in tenders across the Country. Our services ensure that we are able to respond to the demands created through the self-directed support agenda and we are seeing a growth in spot purchase and SDS work.

In relation to growing and delivering services outside Scotland, we have now taken a placement through the framework agreement for local authorities in the North-East of England. This is an exciting venture for Aberlour, with the prospect for further business opportunities.

We continue to market and promote the organisation, and Aberlour's brand awareness continues to grow with the general public but this is an area we recognise we need to continue to emphasise and have plans to continue promotional activity through various mediums. Our reputation within professional networks and academic fields continue to strengthen and we are well respected for our experience, innovation and quality services.

PENSIONS

Aberlour is a Local Government Pension Scheme (LGPS) admitted-body employer under with North-East Scotland Pension Fund (NESPF). Details of Aberlour's share of the Fund, reported in accordance with FRS 102, are detailed in Note 25 of the Accounts.

Our investments held in NESPF decreased their value in 2019/20, falling from £54,556k to £52,528k. This was accompanied by a decrease in the value of defined benefit liabilities from £67,821k to £63,325k which can be attributed to the change in the main assumption used in the actuarial calculations. Accordingly, net liabilities decreased from £13,265k in 2018/19 to £10,797k in 2019/20.

Separately work is underway to review the options available to Aberlour in managing the pension deficit.

Director's Report (Continued)

Aberlour's employer contribution rates are at 20.3%, as determined in the outcome of the NESPF Triennial Valuation in 2017. This provides stability to operational finances.

Aberlour has closed access to NESPF for new employees, with a qualifying period for membership in place for staff who joined before November 2015. However, a defined contribution scheme (provided by Scottish Widows) is available for employees. Aberlour also provides defined contribution arrangements for employees affected by auto-enrolment, as provided by the UK Government-backed NEST scheme.

FINANCIAL RESERVES

The major reserve is the main investment portfolio, largely provided by generations of donors over the years. It is the Board's policy to seek to maintain the real value of this fund, so that income will continue to be available to further Aberlour's objectives.

Restricted funds are held for a specific purpose determined externally by third party funders and cannot be used for alternative purposes. Designated and Unrestricted funds are earmarked by the Board to cover future commitments. A breakdown of funds is provided in Note 22 of the financial statements.

Unrestricted funds of £4,205k (2018/19 - £3,701k) of which free reserves are £2,623k (2018/19 - £2,418k) (being unrestricted funds less tangible fixed assets) which represents 4.1 (2018/19 – 3.6) months of unrestricted expenditure.

The board are cautious about having a figure set as a "target" for Unrestricted Reserves. Aberlour operate in a financially constrained environment but our financial risks are reduced by having a diversity in our funding streams and having multiple contracts with different renewal dates. Accordingly, our requirements from unrestricted reserves are threefold:

- provide sufficient liquid resources to meet working capital needs;
- hold resources to provide resilience to cushion against unanticipated event; and,
- retain a reserve to provide a development capacity.

INVESTMENTS

Investment policy is reviewed annually, and performance is assessed biannually by the Investment Committee. The portfolio is managed by Quilter Cheviot with the objective of at least maintaining its value in real terms while meeting our operational requirement for income. Appropriate benchmarks have been adopted to provide an assessment of performance and return.

During a volatile year, various events caused concern and uncertainty on stock market investments (e.g. Brexit, sluggish global growth, international trade etc.) but ultimately performance of the investments ended down on the year as a result of the effect on market sentiments brought about by the global Covid-19 pandemic. The value at 31 March 2020 was £9,109k from £9,761k in 2018/19. Similar movement was achieved for the Aberlour Urgent Assistance Fund portfolio (value at 31 March 2020 £1,371k from £1,494k in 2018/19). Movements in investments in total are set out in Note 15. Market performance since the sudden falls in March 2020 has been very positive, demonstrating the high quality investments favoured by Quilter Cheviot.

Income from the main portfolio and interest earned during the year was £323k compared with £293k in 2018/19. The former St. Clair's portfolio generated £45k compared with £44k in 2018/19 which was restricted to be fully applied to the Aberlour Urgent Assistance Fund. In 2018/19 OSCR approved a change to the method of distribution of AUAF, to include capital growth alongside dividend earnings, and during 2019/20 £70k (2018/19 - £40k) of capital growth was distributed. The investment managers are clear about the targets set for them and are focussed on their achievement.

Aberlour's ethical investment policy is a key determinant of investment decisions taken by Quilter Cheviot. The portfolio fully reflects our organisational values and ethical investment policy. Socially responsible investing is a concept at the forefront of investment holdings and a key requirement is that the portfolio must not be invested in shares of companies whose activities exploit children or are clearly detrimental to their well-being. Under the policy, shares in tobacco, gambling, and defence companies are avoided.

Director's Report (Continued)

Emissions and Energy Consumption

Aberlour has a strong commitment to responsible and sustainable environmental management.

UK energy use in 2019/20
Aberlour's energy and carbon usage relates to the charitable activity supporting children and families. Our built property environment, including care homes, and travel are the key areas reported.

Fuel Source	Consumption (kWH)	Proportion
Electricity	386,040	14%
Gas	1,295,812	46%
LPG Oil	141,395	5%
Transport (Hired & "Grey" Fleet)	983,351	35%
	2,806,598	

Cost in 2019/20 - £482,966

The associated greenhouse gas emissions have been calculated. The annual vehicle mileage figures have been converted into energy (kWh) using the standard DEFRA conversion factors for an average car 0.29696kgCO2e/mile and then converted into energy using the 0.245227kWh/kgCO2e (gross CV) conversion factor for diesel. Utility conversion has been based on UK government estimates 0.256 kg of CO2 per kWh of electricity and 0.184kg per kWh of gas/lpg/oil. The total CO2 is 604 tCO2.

The intensity ratios have also been calculated. For transport, the ESOS Phase 2 transport audit report was based on an average mileage expense rate of 45p/mile equating to 37.3p/kWh. For electric, tonnes of CO2e per megawatt hour calculated 386MWh divided by 98.82tCO2, equated to 3.9 tCO2/MW. For property the combined average for Aberlour owned assets uses 14,847kWH of electricity and 61705kWh of gas per annum.

Aberlour will commence energy and environmental management/reporting. During 2019/20 we have undertaken initiatives to improve and develop our commitment to environmental sustainability.

- Environmental Strategy agreed by the Board of Directors;
- ESOS Phase 2 compliance reporting complete with notification to SEPA in 2019;
- Centralisation of energy contracts to allow for efficient procurement, data monitoring and future reporting and smart metering objectives set;
- Commitment to work towards and an accredited EMS ISO 14001;
- Successful funding and investment in digital transformation to include infrastructures made available for remote working, working from home, uses of technology, all with a significant reduction of travel related carbon consumption;
- Fleet modernisation improvements totalling £57,163 in financial year
- Property Asset Strategy agreed by the Board of Directors to include Pre-Planned Maintenance programme for upkeep and modernisation of properties, Capital investment of circa £1.7M over 10 years and £75,000 for energy efficiency improvements; and,
- Staff resource requirement identified for environmental management.

Director's Report (Continued)

SECTION 172 STATEMENT

The Directors of Aberlour are mindful of how they and the wider organisation has performed in meeting the responsibilities set out in S172. Appropriate corporate governance is uppermost in organisational behaviours and fundamental to how the Directors discharge their duties and their stewardship of the organisation. For the last financial year an assessment is as follows:

The likely consequences of any decision in the long term

- The Directors are mindful of the heritage of the organisation and act only in the long-term interests of the charity with the objective of continuing the work of Aberlour into the future. This service continuity is important to staff, commissioners, donors, policy makers and regulators so they can have faith in the commitment of the organisations to deliver on strategic objectives.
- The Directors have approved and implemented long-term strategies with objectives to achieve organisational longevity, viability, and sustainability. These strategies are widely consulted on and briefed across the organisation to ensure the objectives are deeply embedded.
- By having a long-term perspective Aberlour is viewed as a trusted strategic partner by all stakeholders.

The interests of employees

- Aberlour is a people-centred organisation, towards those that we care for and the staff we entrust to provide that care. Our employees are fundamental to that dynamic and their role is vitally important.
- We are mindful of the importance of staff to the effectiveness of the organisation. Although we undertake benchmarking, have internal quality assurance on our employment arrangements and strive to at least meet employment best practice, we value the external Investors in People accreditation and welcome any feedback from external regulators. We are proud of being a Living Wage employer which demonstrates our embracing of ethical employment practices. There is a dense tapestry of support for staff ranging, from composite learning and development plans to individual personal development plans. As a celebration of staff achievements, we have an annual one-day conference reflecting on successes, future planning and considering current developments in childcare practice. We consult regularly with current and former staff and are responsive to any matters fed back.
- All changes and updates to operations and strategy are subject to senior management consultation with all staff and middle-management groups. We act on any suggestions with merit and undertake exit interviews with leavers. The findings from leaver interviews have formed the basis of a package on improvements to terms and conditions recently made to all employment contracts with the objective of improving staff retention rates.
- The effect of these initiatives has been instrumental to the high regard regulators have for Aberlour.

Fostering business relationships with suppliers, customers, and others

- It is essential that, as a leading organisation within Scotland's third sector (caring for some of the country's most vulnerable young people), Aberlour operates within a culture of ethical business practice, reflecting the core values of the organisation.
- Suppliers are sought based on price and quality/expertise, with fair and transparent tender processes undertaken.
- Aberlour actively engages in a range of relevant professional forums to share organisational experiences and professional standards and practice and are represented in a range of forums that demonstrate the high standing of the organisation, ranging from stakeholder consultation processes to child protection committees.

The impact of operations on the community and the environment

- Awareness of other parties' perception of the young people we care for in our residential services resulted in community meetings and engagement being undertaken before property purchases are made. Aberlour wants to be perceived positively and without animosity in the communities we operate in.

Director's Report (Continued)

- The Board approved an Environmental Policy in 2019 and pre-planned maintenance programs incorporate improvements that can be made.
- There are examples of Aberlour withdrawing interest in property purchases after neighbour notifications and public meetings have demonstrated local resistance.

<u>The desirability of maintaining a reputation for high standards of business conduct</u>

- Aberlour has formed business partnerships that have endured over periods of years and continues to seek like-minded organisations to form mutually beneficial synergies. Strategic alliances have important linkages, evidenced by partners wishing to maintain their long-term support and relationship with Aberlour. A wide range of engagement with stakeholders takes place.
- Aberlour has actively participated in the Scottish Child Abuse Inquiry, fully taking ownership of the organisation's historic actions and seeking to help Scotland learn from this period and ultimately create a stronger society.

<u>Acting fairly between members of the organisation</u>

- Corporate governance is an uppermost consideration for Directors in all dealings on behalf of or representing Aberlour. All Board and committee meetings are conducted in a professional manner consistent with standard business etiquette and chaired in a way that is respectful and inclusive of all participants.

<u>GOING CONCERN</u>

The Board of Directors is of the opinion that the company can continue to meet its obligations, as they fall due, for the foreseeable future. Consequently, the financial statements have been prepared on the going concern basis. Prior to Covid-19, the directors had prepared budgets and forecasts including a strategic plan through to 2024/25 which show no concerns with regards to the financial resilience of the organisation.

In the three month period to March 2020 the spread of the Covid-19 virus culminated in a period of "lockdown" in the UK. A challenging environment is anticipated for fundraising, however the success in fundraising to augment the capacity of the AUAF augurs well and demonstrates what is capable when a tangible purpose is targeted. The financial statements demonstrate Aberlour has significant financial resilience, with a strong balance sheet, diversity in the source and duration of funding from public sector organisations and a strong demand for our Services anticipated to continue.

In order to corroborate this, management undertook a series of reverse stress tests by establishing what income is guaranteed for 2020/21 as a minimum (and beyond) based upon signed service agreements and contracts with Local Authorities and providers. Management then assumed that income from fundraising and donations and investments reduces to be £Nil in this worst case scenario. Management have also assumed that no cost mitigations or reductions are implemented in order to establish the forecasted deficit that would occur in this scenario. Guaranteed income for 2020/21 was noted as £12.7m while management have assumed that expenditure for the year will increase to £21.1m as a result of COVID-19 cost revisions. Given this is a worst case assessment only guaranteed income via signed contract/grant agreements has been considered in this assessment. The net result for the year to 31 March 2021 would be a shortfall of £8.5m.

Management has then compared this worst case scenario deficit to the latest position of available working capital. The charity has cash of £4.3m at 30 June 2020 and an investment portfolio of £10.4m (though £1.4m of this relates to the emergency assistance fund which is a permanent endowment and therefore cannot be realised for working capital purposes). The stress testing at this stage revealed that Aberlour had sufficient working capital to be able to handle a worst case scenario shortfall until November 2021. If the stress testing was taken further management would have looked at which costs could be postponed or mitigated in order to reduce any shortfall.

While uncertainty exists this is not to the extent that it casts doubt on the ability of Aberlour to continue, even in a worst case scenario and it is appropriate for these accounts to be prepared on a going concern basis.

Director's Report (Continued)

DIRECTOR'S RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report (including Strategic Report) and the financial statements in accordance with applicable law and regulations.

Charity law and company law requires the directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law and company law the Directors' must not approve the financial statements unless they are satisfied that they 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 charity for that period.

In preparing these financial statements, the Directors' are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and 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 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DISCLOSURE OF INFORMATION TO AUDITOR

To the knowledge and belief of each of the persons who are Directors at the time the report is approved:

a) So far as the Director is aware, there is no relevant information of which the charitable company's auditor is unaware; and

b) He/she has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

APPOINTMENT OF AUDITOR

Each year we are required by our rules and by law to appoint the Charity's auditor. Our auditor, BDO LLP, have already been intimated their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

APPROVAL

In approving the Directors' Report, the Directors are also approving the Strategic Report in their capacity as company Directors. The report was approved by the Directors on 21 Sept 2020 and signed on its behalf by:

Valerie M Surgenor

Valerie Surgenor LLM, LLB, BA (Hons), DipLP, NP
Chair

David Robb
Chair (from 21.9.20)

Independent Auditor's Report to the Directors and Members of Aberlour Child Care Trust for the year ended 31 March 2020

Opinion

We have audited the financial statements of Aberlour Child Care Trust ("the charitable company") for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the 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 Financial Reporting Standard 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 2020 and of its incoming resources and application of resources 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.

Basis for opinion

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 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 related 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 other information comprises the information included in the chair's report, the chief executive's report and the directors' report (including strategic report). The directors are responsible for the other information.

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.

Independent Auditor's Report to the Directors and Members of Aberlour Child Care Trust for the year ended 31 March 2020 continued

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.

Opinions 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, which includes the strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report included within 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 misstatement in the strategic report or the director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion;

- 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors (who are also the trustees of the charitable trust for the purposes of charity 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 determines 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.

Independent Auditor's Report to the Directors and Members of Aberlour Child Care Trust for the year ended 31 March 2020 continued

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 at the Financial Reporting Council's ("FRC's") website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's directors, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Martin Gill (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh
United Kingdom

25 September 2020

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

2020 Statement of Financial Activities (incorporating income & expenditure account)

	Note	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Pension fund £000	Total 2020 £000	Total 2019 £000
Income:							
Charitable activities	*4*	**7,618**	**8,879**	**-**	**-**	**16,497**	15,865
Donations and legacies	*5*	**654**	**967**	**-**	**-**	**1,621**	1,721
Income from other trading activities	*6*	**32**	**18**	**-**	**-**	**50**	65
Investment income	*7*	**323**	**45**	**-**	**-**	**368**	337
Other income	*8*	**60**	**14**	**-**	**-**	**74**	30
		8,687	**9,923**	**-**	**-**	**18,610**	18,018
Expenditure on:							
Charitable activities	*9*	**6,975**	**10,499**	**114**	**1,319**	**18,907**	17,932
Raising funds	*10*	**685**	**74**	**-**	**-**	**759**	670
		7,660	**10,573**	**114**	**1,319**	**19,666**	18,602
Net income/(expenditure) before gains and transfers		**1,027**	**(650)**	**(114)**	**(1,319)**	**(1,056)**	(584)
Realised gains on investments		**-**	**19**	**32**	**-**	**51**	40
Unrealised (losses)/gains on investments	*15*	**-**	**(114)**	**(662)**	**-**	**(776)**	516
Net income/(expenditure) after gains before transfers		**1,027**	**(745)**	**(744)**	**(1,319)**	**(1,781)**	(28)
Transfers between funds	*11*	**(285)**	**285**	**-**	**-**	**-**	-
Net income/(expenditure) before other recognised gains and losses		**742**	**(460)**	**(744)**	**(1,319)**	**(1,781)**	(28)
Other recognised gains and (losses):							
Loss on revaluation of fixed assets		**-**	**-**	**-**	**-**	**-**	(36)
Actuarial gains/(losses) on defined benefit pension scheme	*25*	**-**	**-**	**-**	**3,787**	**3,787**	(2,648)
Net movement in funds		**742**	**(460)**	**(744)**	**2,468**	**2,006**	(2,712)
Funds brought forward		**3,952**	**3,843**	**14,528**	**(13,265)**	**9,058**	11,770
Funds carried forward	*22,23*	**4,694**	**3,383**	**13,784**	**(10,797)**	**11,064**	9,058

All results relate to continuing activities. There were no recognised gains and losses during the year other than as shown above.
The notes on pages 26 to 45 form part of these financial statements.

2019 Statement of Financial Activities (incorporating income & expenditure account)

	Note	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Pension fund £000	Total 2019 £000	Total 2018 £000
Income:							
Charitable activities	*4*	7,327	8,538	-	-	15,865	15,467
Donations and legacies	*5*	933	788	-	-	1,721	2,413
Income from other trading activities	*6*	36	29	-	-	65	64
Investment income	*7*	293	44	-	-	337	358
Other income	*8*	14	16	-	-	30	91
		8,603	9,415	-	-	18,018	18,393
Expenditure on:							
Charitable activities	*9*	7,317	9,699	281	635	17,932	17,970
Raising funds	*10*	662	8	-	-	670	595
		7,979	9,707	281	635	18,602	18,565
Net income/(expenditure) before gains and transfers		624	(292)	(281)	(635)	(584)	(172)
Realised gains on investments		-	8	32	-	40	227
Unrealised gains/(losses) on investments	*14*	-	81	435	-	516	(45)
Net income/(expenditure) after gains before transfers		624	(203)	186	(635)	(28)	10
Transfers between funds	*11*	(209)	209	-	-	-	-
Net income/(expenditure) before other recognised gains and losses		415	6	186	(635)	(28)	10
Other recognised gains and (losses):							
Loss on revaluation of fixed assets		-	-	(36)	-	(36)	-
Actuarial (losses)/gains on defined benefit pension scheme	*24*	-	-	-	(2,648)	(2,648)	2,255
Net movement in funds		415	6	150	(3,283)	(2,712)	2,265
Funds brought forward		3,537	3,837	14,378	(9,982)	11,770	9,505
Funds carried forward	*21,22*	3,952	3,843	14,528	(13,265)	9,058	11,770

Balance Sheet
as at 31 March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	*14*	**6,591**	7,279
Investments	*15*	**10,480**	11,255
		17,071	18,534
Current assets			
Debtors	*16*	**1,627**	1,736
Cash at bank and in hand		**4,607**	3,461
		6,234	5,197
Liabilities			
Creditors: amounts falling due within one year	*17*	**(1,227)**	(1,191)
Net current assets		**5,007**	4,006
Total assets less current liabilities		**22,078**	22,540
Provisions for liabilities and charges	*18*	**(217)**	(217)
Net assets, excluding pension liability		**21,861**	22,323
Pension scheme liability	*25*	**(10,797)**	(13,265)
Net assets		**11,064**	9,058
Charity funds			
Endowment Fund	*22*	**13,784**	14,528
Restricted income funds	*22*	**3,383**	3,843
Unrestricted funds	*22*	**4,694**	3,952
Pension reserve	*22*	**(10,797)**	(13,265)
Total charity funds	*22, 23*	**11,064**	9,058

The financial statements were approved and authorised for issue by the Directors on 21 September 2020

Valerie M Surgenor

Valerie Surgenor, LLM, LLB, BA (Hons), DipLP, NP
Chair

David Robb
Chair (from 21.9.20)

Company Registration Number: SC312912
The notes on pages 26 to 45 form part of these financial statements

Cash Flow Statement

Reconciliation of net income/expenditure to net cash flow from operating activities

	2020 £000	2019 £000
Net expenditure as per SOFA	**(1,781)**	(28)
Adjustments for:		
Gains/(losses) on investments	**725**	(556)
Loss on sale of fixed assets	**2**	70
Adjustment to pension costs	**1,319**	635
Depreciation charges	**193**	332
Decrease/(increase) in debtors	**109**	(652)
Increase in creditors	**50**	96
Interest and dividends	**(368)**	(337)
Release of provisions	**-**	(30)
Net cash from/(used by) operating activities	**249**	(470)
Cash flows from investing activities		
Dividends from investments	**368**	337
Purchase of tangible fixed assets	**(87)**	(97)
Proceeds of sale of tangible fixed assets	**560**	87
Purchase of investments	**(4,229)**	(3,514)
Proceeds of sale of investments	**4,281**	3,195
Transfer/(purchase) of fixed term deposits	**1,483**	(886)
Net cash from/(used by) investing activities	**2,376**	(878)
Change in cash and cash equivalents	**2,625**	(1,348)
Cash and cash equivalents at the beginning of the reporting period	**2,042**	3,390
Cash and cash equivalents at the end of the reporting period	**4,667**	2,042
Analysis of cash and cash equivalents (note 26)		
Cash at bank and in hand	**4,585**	1,957
Deposits – investments (note 15)	**82**	85
	4,667	2,042
Reconciliation to cash per balance sheet		
Cash at bank and in hand	**4,585**	1,957
Fixed term deposits – access greater than 3 months	**22**	1,504
Cash per balance sheet	**4,607**	3,461

Notes to the Financial Statements

1 General information

Aberlour Child Care Trust is a private company limited by guarantee, incorporated in Scotland, UK. The charity's registered office, company number and charity number are disclosed on page 1 to these financial statements. The principal activity of the charity is the provision of child care services in Scotland.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Functional currency is sterling and level of rounding is to nearest £'000.

Aberlour Child Care Trust meets the definition of a public benefit entity under FRS 102.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the charities accounting policies, as shown in note 3 below.

Going Concern

The Board of Directors is of the opinion that the company can continue to meet its obligations, as they fall due, for the foreseeable future. Consequently, the financial statements have been prepared on the going concern basis. Prior to Covid-19, the directors had prepared budgets and forecasts including a strategic plan through to 2024/25 which show no concerns with regards to the financial resilience of the organisation.

In the three month period to March 2020 the spread of the Covid-19 virus culminated in a period of "lockdown" in the UK. A challenging environment is anticipated for fundraising, however the success in fundraising to augment the capacity of the AUAF augurs well and demonstrates what is capable when a tangible purpose is targeted. The financial statements demonstrate Aberlour has significant financial resilience, with a strong balance sheet, diversity in the source and duration of funding from public sector organisations and a strong demand for our Services anticipated to continue.

In order to corroborate this, management undertook a series of reverse stress tests by establishing what income is guaranteed for 2020/21 as a minimum (and beyond) based upon signed service agreements and contracts with Local Authorities and providers. Management then assumed that income from fundraising and donations and investments reduces to be £Nil in this worst case scenario. Management have also assumed that no cost mitigations or reductions are implemented in order to establish the forecasted deficit that would occur in this scenario. Guaranteed income for 2020/21 was noted as £12.7m while management have assumed that expenditure for the year will increase to £21.1m as a result of COVID-19 cost revisions. Given this is a worst case assessment only guaranteed income via signed contract/grant agreements has been considered in this assessment. The net result for the year to 31 March 2021 would be a shortfall of £8.5m.

Management has then compared this worst case scenario deficit to the latest position of available working capital. The charity has cash of £4.3m at 30 June 2020 and an investment portfolio of £10.4m (though £1.4m of this relates to the emergency assistance fund which is a permanent endowment and therefore cannot be realised for working capital purposes). The stress testing at this stage revealed that Aberlour had sufficient working capital to be able to handle a worst case scenario shortfall until November 2021. If the stress testing was taken further management would have looked at which costs could be postponed or mitigated in order to reduce any shortfall.

While uncertainty exists this is not to the extent that it casts doubt on the ability of Aberlour to continue, even in a worst case scenario and it is appropriate for these accounts to be prepared on a going concern basis.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Investments

Investments are carried at bid market value. Gains and losses on revaluation and disposal are recognised in the year in which they arise.

Revalued gains and losses are recognised in other recognised gains or losses unless the losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case excess losses are recognised in the statement of financial activities.

Tangible fixed assets

Tangible fixed assets are included at cost and are depreciated by equal annual instalments over their estimated useful lives, which are:

Land & buildings	50 years
Fixtures and fittings	4 years
Vehicles	4 years
Computer equipment	1 - 4 years

The value for capitalisation of assets is £1,000. Land is not depreciated.

Revaluation of land and buildings

Land and buildings are carried at fair value, as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation. Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of financial activities, in which case the increase is credited to the statement of financial activities to the extent of the decrease previously charged. A decrease in the carrying amount arising on revaluation of such land and buildings is charged to the statement of financial activities to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on deposit where funds can be accessed without penalty within three months or less from the opening of the account and cash held with the investment manager.

Operating leases

The cost of operating leases is charged to the statement of financial activities on a straight line basis over the lease term.

Rentals received under operating leases are recorded within income in the year to which it relates.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Income

Service income
Service income which is generated through the provision of services is recognised through the statement of financial activities in the period in which the service is performed.

Donations and legacies
This income is recognised through the statement of financial activities in the period which they are measurable and there is entitlement and probability of receipt.

In certain circumstances income is deferred where funds are conditional on performance standards. Under these circumstances, the income is deferred provided the conditions of the funds allow the extension.

Investment income
Investment income is accounted for in the period in which the dividend is declared.

Expenditure

Expenditure is recognised when a legal or constructive obligation arises. Expenditure is allocated to the activity to which it relates, directly or apportioned on the basis of ratios of activity.

- Charitable expenditure comprises those costs incurred by the charity on its activities and services.
- Cost of generating funds includes financing costs and fundraising costs.
- Governance costs are those costs which are directly attributable to the governance arrangements of the charity and its strategic management.
- Support costs consist of indirect costs to the charity. These include finance, human resources, IT and operational costs. Support costs are apportioned over the charitable activities based on the percentage cost of activities undertaken directly.

Funds

The Endowment Fund was established with legacies and other funds donated to the orphanage at Aberlour. The Fund has since been credited with the proceeds of sale of the orphanage and other properties and has continued to increase on receipt of substantial legacies and donations. The Fund is invested in securities, property and cash deposits, and the income from these is used to support the activities of the company.

Restricted funds have been received for specific purposes and may be repayable if underspent.

Designated funds of £489k represent the following; £135k Investment in Developing Fostering Services due to be spent in 20/21, £335k in funding budgeted service funding shortfalls during 2020/21, £19k Sustain start-up match funding starting in 20/21.

The Pension Reserve is the company's projected pension asset or unfunded pension liability calculated in accordance with FRS 102, section 28. See below and note 25.

VAT

The company is not registered for VAT and accordingly costs are stated inclusive of applicable VAT.

Creditors

Short term creditors are measured at the transaction price.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Taxation
The company is recognised as a charity by HM Revenue & Customs and is exempt from Corporation Tax. No provision for taxation has been made in the accounts.

Financial instruments

Under FRS 102 financial assets and liabilities are given the technical term “financial instruments”, and the directors are required to indicate how these are recognised and measured in the financial statements. All financial instruments held by the company are considered basic and as such are treated in line with well-established accounting convention. An analysis is given in note 19.

Pension costs

The company participates in the Local Government Pension Scheme under arrangements with the North East Scotland Pension Fund (previously named the Aberdeen City Council Pension Fund). The Local Government Pension Scheme is a defined benefit scheme based on final pensionable salary.

In accordance with FRS 102, section 28, the operating and finance costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Financial Activities as is the difference between the actual and expected return on assets, including changes in actuarial assumptions. Service costs are systematically spread over the service lives of employees. Financing costs are recognised in the period in which they arise.

The company also operates two defined contribution pension schemes, one operated by Scottish Widows and one being an auto-enrolment scheme operated by NEST. Contributions payable to the Schemes are charged to the Statement of Financial Activities in accordance with FRS 102, section 28.

Donated goods and services

Donated goods and services are recorded in the financial statements at market value on the date of donation, where the value of the donation exceeds £500.

Termination benefits

Termination benefits are recognised through the statement of financial activities in the period in which they relate to. Where there is a constructive obligation at the year end, the expected costs are provided for.

Holiday pay accrual

Aberlour Child Care trust is required to recognise a liability for unpaid holiday pay, per FRS 102. A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Notes to the Financial Statements (continued)

3 Judgements and estimates

The preparation of these financial statements has required the Directors to make judgements, estimates and assumptions that affect the application of the policies and reported amounts. The areas involving a degree of judgement significant to the view given by these statements are:

- Actuarial assumptions in respect of the defined benefit pension scheme. In making these assumptions, advice has been taken from an independent qualified actuary. These assumptions are shown in note 25.

- Tangible fixed assets are depreciated over a period intended to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.

- Tangible fixed assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired.

- Provisions for dilapidations are generated to reflect the expected costs of dilapidation expenses following the cessation of the lease period. The provisions for dilapidations are reviewed annually, taking into account historical dilapidations incurred, further work completed on leased sites and physical condition of the properties.

Notes to the Financial Statements (continued)

4 Income from charitable activities

2020

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2020	Total 2019
	£000	£000	£000	£000	£000
Local authority and government funding	7,043	8,700	-	15,745	15,147
Receipts from service users	453	133	-	586	537
Receipts from other providers	122	46	-	166	181
	7,618	8,879	-	16,497	15,865

2019

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2019	Total 2018
	£000	£000	£000	£000	£000
Local authority and government funding	6,952	8,195	-	15,147	13,628
Receipts from service users	346	191	-	537	1,839
Receipts from other providers	29	152	-	181	-
	7,327	8,538	-	15,865	15,467

Included in Local Authority and Government Income is income from the Scottish Government comprising £41k (2019- £nil) for Perinatal and Infant Mental Health Service, £68k (2019 -£72k) for South Ayrshire Family Support service, £50k (2019 - £50k) for Volunteering Service, £65k (2019 - £14k) for Glasgow Family Support Service through Aspiring Communities, £27k (2019 - £nil) for a secondment to a Scottish Government Task Force, £69k (2019 £nil) for a Befriending for Asylum Seekers Service and £35k (2019 - £nil) for our Communities 2Gether Service through Investing in Communities.

5 Donations and legacies

2020

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2020	Total 2019
	£000	£000	£000	£000	£000
Big Lottery Fund	-	245	-	245	223
Donations	616	722	-	1,338	1,144
Legacies	38	-	-	38	354
	654	967	-	1,621	1,721

Notes to the Financial Statements (continued)

5 Donations and legacies (continued)

2019

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2019	Total 2018
	£000	£000	£000	£000	£000
Big Lottery Fund	-	223	-	223	673
Donations	579	565	-	1,144	1,208
Legacies	354	-	-	354	532
	933	788	-	1,721	2,413

Big Lottery Fund income comprised £137k (2019 - £78k) for our Perinatal Service in East Lothian, £57k (2019 - £74k) for South Ayrshire Family Support Service, £38k (2019 - £nil) for Digital Transformation and £13k from Chance to Study (2019 - £nil) for our Smarter 2Gether service.

6 Income from other trading activities

2020

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2020	Total 2019
	£000	£000	£000	£000	£000
Events and sponsorship	-	1	-	1	1
Rental of surplus property	32	17	-	49	64
	32	18	-	50	65

2019

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2019	Total 2018
	£000	£000	£000	£000	£000
Events and sponsorship	-	1	-	1	-
Rental of surplus property	36	28	-	64	64
	36	29	-	65	64

Notes to the Financial Statements (continued)

7 Investment income

2020

	Government stocks	Equities & other	Total 2020	Total 2019
	£000	£000	£000	£000
United Kingdom	30	247	277	229
Overseas	-	91	91	108
	30	338	368	337

2019

	Government stocks	Equities & other	Total 2019	Total 2018
	£000	£000	£000	£000
United Kingdom	15	214	229	254
Overseas	-	108	108	104
	15	322	337	358

8 Other income

2020

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2020	Total 2019
	£000	£000	£000	£000	£000
Other	60	14	-	74	30
	60	14	-	74	30

2019

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2019	Total 2018
	£000	£000	£000	£000	£000
Other	14	16	-	30	91
	14	16	-	30	91

Notes to the Financial Statements (continued)

9 Expenditure on charitable activities

2020

	Activities undertaken directly	Support costs	Total 2020	Total 2019
	£000	£000	£000	£000
Children and families affected by disability	**5,258**	**301**	**5,559**	5,477
Children and families affected by drugs and alcohol	**139**	**8**	**147**	173
Early years	**1,961**	**112**	**2,073**	2,074
Early intervention and prevention	**9,283**	**524**	**9,807**	9,503
Losses on sale of fixed assets	**2**	**-**	**2**	70
Defined benefit pension costs (note 25)	**1,319**	**-**	**1,319**	635
	17,962	**945**	**18,907**	17,932

2019

	Activities undertaken directly	Support costs	Total 2019	Total 2018
	£000	£000	£000	£000
Children and families affected by disability	**5,197**	**280**	**5,477**	5,195
Children and families affected by drugs and alcohol	**164**	**9**	**173**	155
Early years	**1,968**	**106**	**2,074**	2,204
Early intervention and prevention	**8,992**	**511**	**9,503**	9,691
Losses on sale of fixed assets	**70**	**-**	**70**	-
Defined benefit pension costs (note 25)	**635**	**-**	**635**	725
	17,026	**906**	**17,932**	17,970

Notes to the Financial Statements (continued)

9 Expenditure on charitable activities (continued)

The support costs can be analysed as follows:

2020

Support costs	Children and families affected by disability £000	Children and families affected by drugs and alcohol £000	Early Years £000	Early Intervention £000	Total 2020 £000	Total 2019 £000
Operations, management & support	121	3	45	210	**379**	362
People & quality	80	2	30	140	**252**	241
Finance, IT & resources	60	2	22	104	**188**	183
Governance costs	40	1	15	70	**126**	120
	301	**8**	**112**	**524**	**945**	906

2019

Support costs	Children and families affected by disability £000	Children and families affected by drugs and alcohol £000	Early Years £000	Early Intervention £000	Total 2019 £000	Total 2018 £000
Operations, management & support	112	4	42	204	**362**	203
People & quality	75	2	28	136	**241**	136
Finance, IT & resources	56	2	22	103	**183**	101
Governance costs	37	1	14	68	**120**	67
	280	**9**	**106**	**511**	**906**	507

The basis of allocation for support costs is based upon the expenditure of each category of charitable activity as a percentage of the total expenditure on charitable activities.

Governance costs include the Chief Executive’s remuneration, the costs of our corporate support function, the cost of our policy development department (who liaises with national Government on policy related issues concerning children & families), and the running costs of Board Committee meetings and directors travel expenses

Notes to the Financial Statements (continued)

10 Expenditure on raising funds

	Total 2020 £000	Total 2019 £000
Donations and legacies	**352**	**409**
Fundraising events and sponsorship	**363**	**201**
Investment manager's fees	**44**	**60**
	759	**670**

11 Transfers between funds

2020	**Unrestricted & Designated Funds £000**	**Restricted Funds £000**
Transfers from unrestricted funds	**(285)**	**285**
	(285)	**285**

2019

	Unrestricted & Designated Funds £000	**Restricted Funds £000**
Transfers from unrestricted funds	**(209)**	**209**
	(209)	**209**

Transfers from unrestricted funds to restricted funds were as a result of deficits in restricted funds which were met by unrestricted funds.

12 Staff costs

	Total 2020 £000	Total 2019 £000
Salaries	**11,753**	11,209
Social security costs	**953**	908
Employer's pension costs	**908**	871
Pension scheme net debit recognised (Note 25)	**982**	374
Redundancy, settlement and ex-gratia payments	**38**	64
	14,634	13,426

No Director received remuneration in the current or the prior year.

Notes to the Financial Statements (continued)

12 Staff costs (continued)

Included in salaries are redundancy payments of £37,590 (2019: £58,513). There was no settlement payment made during this period (2019 - £5,000).

Two Directors were reimbursed for travel costs totalling £238 for the year (2019: £520 reimbursed to four Directors).

Number of employees who received remuneration exceeding £60,000:	**2020**	2019
Between £60,000 and £70,000	**5**	3
Between £80,001 and £90,000	**1**	1

None of the Executive Board members received any remuneration for their services as members of the Board.

Valerie Surgenor, a member of the Board, is a partner in MacRoberts LLP. Aberlour engaged MacRoberts LLP during the year to provide legal advice costing £4,339 (2018: £6,449). After an open selection process, MacRoberts LLP were also paid for a seconded staff member to look specifically at gathering evidence in relation to the Historic Abuse Inquiry costing £nil (2019: £7,891).

The Senior Leadership Team is regarded by the Directors as being "Key Management" as defined by FRS 102. The Senior Leadership Team holds the decision making responsibility covering the whole organisation and for the year ended 31 March 2020 comprised 7 members of staff (2019: 6). The total remuneration of the Senior Leadership Team for the period was £576K (2019: £471K). The terms and conditions relating to this group of employees is consistent to the wider workforce.

	2020	2019
Average number of FTE employees during the year	**Number**	Number
Operational	**236**	244
Administrative & support	**68**	62
Management	**76**	74
	380	382

	2020	2019
Average number employees during the year	**Number**	Number
Operational	**281**	284
Administrative & support	**82**	82
Management	**90**	92
	453	458

13 Audit and accountancy fees

	2020	2019
	£000	£000
Audit services	**18**	21
	18	21

Notes to the Financial Statements (continued)

14 Tangible fixed assets

2020

	Land and buildings £000	Fixtures and fittings £000	Vehicles £000	Computer equipment £000	Total £000
Cost / valuation					
Balance at 1 April 2019	7,537	10	573	3	8,123
Additions	29	-	55	3	87
Disposals	(600)	(10)	(209)	-	(819)
Balance at 31 March 2020	**6,966**	**-**	**419**	**6**	**7,391**
Depreciation					
Balance at 1 April 2019	**376**	**10**	**455**	**3**	**844**
Charge in year	111	-	81	1	193
Disposals	(18)	(10)	(209)	-	(237)
Balance at 31 March 2020	**469**	**-**	**327**	**4**	**800**
Net book value:					
31 March 2019	7,161	-	118	-	7,282
31 March 2020	**6,497**	**-**	**92**	**2**	**6,591**

Included in land and buildings is land of £1,583k (2019 - £1,583k) which is not depreciated. Both land and buildings were revalued at 28 March 2017 by an independent valuer, DM Hall Chartered Surveyors on an open market basis for existing use. Land and buildings at historic cost had a cost of £5,158k (2019 - £5,861k) accumulated depreciation of £790k (2019 - £881k) and net book value of £4,369k (2018 - £4,980k) at 31 March 2020.

2019

	Land and buildings £000	Fixtures and fittings £000	Vehicles £000	Computer equipment £000	Total £000
Cost / valuation					
Balance at 1 April 2018	7,717	10	492	3	8,222
Additions	16	-	81	-	97
Disposals	(160)	-	-	-	(160)
Reversal of revaluation	(36)	-	-	-	(36)
Balance at 31 March 2019	**7,537**	**10**	**573**	**3**	**8,123**
Depreciation					
Balance at 1 April 2018	**136**	**10**	**367**	**2**	**515**
Charge in year	243	-	88	1	332
Disposals	(3)	-	-	-	(3)
Balance at 31 March 2019	**376**	**10**	**455**	**3**	**844**
Net book value:					
31 March 2018	7,580	-	126	1	7,707
31 March 2019	**7,161**	**-**	**118**	**-**	**7,282**

Notes to the Financial Statements (continued)

15 Investments

	2020	2019
	£000	£000
Quoted investments:		
Market value at 1 April	**11,170**	10,295
Acquisitions at cost	**4,229**	3,514
Disposals	**(4,225)**	(3,155)
Unrealised gains/(losses)	**(776)**	516
Market value at 31 March	**10,398**	11,170
Historical cost at 31 March	**10,141**	9,727
Accumulated unrealised gains	**257**	1,443
Market value at 31 March	**10,398**	11,170
United Kingdom	**7,900**	4,987
Overseas	**2,498**	6,183
Cash held for reinvestment	**82**	85
Market value at 31 March	**10,480**	11,255
Government stocks	**1,002**	920
Equities and other investments	**9,396**	10,250
Cash held for reinvestment	**82**	85
Market value at 31 March	**10,480**	11,255

16 Debtors

	2020	2019
	£000	£000
Grants and fees	**1,197**	1,101
Taxation recoverable	**20**	2
Other debtors	**108**	97
Accrued income	**302**	536
	1,627	1,736

Notes to the Financial Statements (continued)

17 Creditors

	2020	2019
Amounts falling due within one year:	**£000**	£000
Trade creditors	**90**	103
Funding agencies - deferred income	**649**	589
Other creditors	**125**	153
Other taxation and social security	**244**	237
Pension creditor	**119**	109
	1,227	1,191
Deferred income		
Opening balance: Funding received in advance	**589**	452
Released in the period	**(589)**	(452)
Deferred during the period	**649**	589
Closing balance: Funding received in advance	**649**	589

Deferred income comprises payments received in advance of the expenditure made or before any performance conditions attached to the items of income have been met.

18 Provisions for liabilities

	2020	2019
Property dilapidation costs:	**£000**	£000
At 1 April 2019	**217**	247
Increase in provisions during year	**-**	37
Released to the Statement of Financial Activities	**-**	(67)
At 31 March 2020	**217**	217

19 Financial instruments

	2020	2019
Financial assets:	**£000**	£000
Financial assets measured at fair value	**10,398**	11,170
Financial assets measured at amortised cost	**6,296**	5,820
	16,694	16,450
Financial liabilities		
Financial liabilities measured at amortised cost	**333**	365

Financial assets measured at fair value are listed investments (note 15).

Financial assets measured at amortised cost include cash at bank and in hand, cash held for investment, grants and fees debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost include trade creditors, other creditors and pension creditor.

Notes to the Financial Statements (continued)

20 Operating lease commitments

	2020	**2020**	2019	2019
	£000	**£000**	£000	£000
	Land & buildings	**Other**	Land & buildings	Other
Amounts payable under non-cancellable operating leases:				
Within one year	**254**	**40**	179	53
In two to five years	**360**	**57**	181	9
Total obligations	**614**	**97**	360	62

Operating lease rentals charged as an expense during the year totalled £227k (2019 – £269k).

21 Rental income under operating leases

At 31 March 2020 the charity had future minimum lease income under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
	Buildings	Buildings
within one year	**11**	26
In two to five years	**-**	-
	11	26

22 Analysis of net assets between funds

31 March 2020	**Investments**	**Tangible fixed assets**	**Net current assets**	**Provisions**	**Pension fund deficit**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Endowment fund	9,109	4.254	421	-	-	13,784
Restricted funds	-	97	1,257	-	-	1,354
Restricted fund – AUAF	1,371	-		-	-	1,371
Restricted fixed asset reserve	-	658		-	-	658
Designated	-	-	489	-	-	489
Unrestricted funds	-	1,582	2,840	(217)	-	4,205
Pension reserve	-	-	-	-	(10,797)	(10,797)
	10,480	6,591	5,007	(217)	(10,797)	11,064

The restricted project balances represent approximately 26 projects, each with varying amounts, which will be utilised in future years.

31 March 2019	**Investments**	**Tangible fixed assets**	**Net current assets**	**Provisions**	**Pension fund deficit**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Endowment fund	9,761	5,185	(418)	-	-	14,528
Restricted funds	-	121	1,471	-	-	1,592
Restricted fund – AUAF	1,494	-	67	-	-	1,561
Restricted fixed asset reserve	-	691	-	-	-	691
Designated	-	-	251	-	-	251
Unrestricted funds	-	1,282	2,635	(217)	-	3,701
Pension Reserve	-	-	-	-	(13,265)	(13,265)
	11,255	**7,279**	**4,006**	**(217)**	**(13,265)**	**9,058**

Notes to the Financial Statements (continued)

23 Analysis of charitable funds

	Balance at 1 April 2019	Income	Expenditure	Gains/ (losses)	Transfers (note 11)	Funds at 31 March 2020
Unrestricted funds	3,952	8,687	(7,660)	-	(285)	**4,694**
Restricted funds	3,843	9,923	(10,573)	(95)	285	**3,383**
Endowment fund	14,528	-	(114)	(630)	-	**13,784**
Pension fund	(13,265)	-	(1,319)	3,787	-	**(10,797)**
	9,058	18,610	(19,666)	3,062	-	**11,064**

2019

	Balance at 1 April 2018	Income	Expenditure	Gains/ (losses)	Transfers (note 11)	Funds at 31 March 2019
Unrestricted funds	3,537	8,603	(7,979)	-	(209)	**3,952**
Restricted funds	3,837	9,415	(9,707)	89	209	**3,843**
Endowment fund	14,378	-	(281)	431	-	**14,528**
Pension fund	(9,982)	-	(635)	(2,648)	-	**(13,265)**
	11,770	18,018	(18,602)	(2,127)	-	**9,058**

24 Contingent liabilities

The company has considered the merits of two civil legal actions against it. The prospects of the outcomes is uncertain in terms of value and the extent of financial liability, or any. For reasons of confidentiality, further particulars of these case is not disclosed. Accordingly, whilst still ongoing, there exists a contingent liability in relation to these cases.

25 Pension scheme liability

Defined benefit superannuation scheme

Aberlour participates in the Local Government Pension Scheme, a defined benefit superannuation scheme, under arrangements with the North East Scotland Pension Fund (the Fund), previously named Aberdeen City Council Pension Fund. The scheme is a multi-employer scheme. The assets are held separately from those of the company.

Contributions to the scheme are charged to the statement of financial activities so as to spread the cost of pensions over employees’ working lives with the company.

Contributions of £119k (2019: £109k) were outstanding at the year end.

Summary of actuarial assumptions used

The valuation used for FRS 102, section 28 disclosures has been based on the most recent actuarial valuation at 31 March 2017 and updated by a qualified actuary, John A Livesey of Mercer Limited, to take account of the requirements of FRS 102, section 28 in order to assess the assets and liabilities of the scheme at 31 March 2020.

Notes to the Financial Statements (continued)

25 Pension scheme liability (continued)

The main assumptions used in the actuarial calculations are:

	31 March 2020	31 March 2019
Rate of salary increases (% per annum)	**4.0%**	3.5%
Rate of pension increase (% per annum)	**2.0%**	2.4%
Discount rate (% per annum)	**2.4%**	2.6%
Inflation rate (% per annum)	**2.0%**	2.4%

Demographic/statistical assumptions

The demographic assumptions adopted are consistent with those used for the formal funding valuation as at 31 March 2020. The post retirement mortality tables adopted were the PA92 series projected to calendar year 2020 for current pensioners and 2021 for non-pensioners with the future improvement in mortality set at a minimum of 1% per annum.

The assumed life expectations from age 65 are:

		2020	2019
Retiring 31 March 2019	Males	**21.5**	22.9
	Females	**24.2**	25.0
Retiring in 20 years	Males	**23.1**	25.8
	Females	**26.3**	28.1

It has been assumed that 50% of retiring members will opt to increase their lump sums to the maximum allowed.

The table below compares the present value of the scheme liabilities, based on the actuary's assumptions, with the estimated employer assets.

	2020	2019
	£000	£000
Fair value of scheme assets	**52,528**	54,556
Present value of funded obligations	**(63,325)**	(67,821)
Net liability in the balance sheet	**(10,797)**	(13,265)

Notes to the Financial Statements (continued)

25 Pension scheme liability (continued)

Changes in the fair value of scheme assets

	2020	2019
	£000	£000
Opening fair value of scheme assets	**54,556**	51,174
Interest on plan assets	**1,380**	1,372
Remeasurements	**(2,555)**	2,735
Administration expenses	**(12)**	(12)
Contributions by employer	**608**	606
Contributions by scheme participants	**186**	180
Estimated benefits paid (net of transfers in)	**(1,635)**	(1,499)
Closing fair value of scheme assets	**52,528**	54,556

Changes in the present value of the defined benefit pension liability

	2020	2019
	£000	£000
Opening defined benefit liability	**(67,821)**	(61,156)
Current service cost	**(1,084)**	(959)
Interest cost	**(1,717)**	(1,633)
Effect of curtailments	**-**	(9)
Actuarial gains/(losses)	**6,213**	(5,383)
Past service costs (gain)	**(494)**	
Experience gains	**129**	-
Estimated benefits paid (net of transfers in)	**1,635**	1,499
Members contributions	**(186)**	(180)
Closing defined benefit liability.	**(63,325)**	(67,821)

Movement in (deficit)/surplus during the year

	2020	2019
	£000	£000
Share of deficit in scheme at beginning of the year	**(13,265)**	(9,982)
Movement in year:		
Current service cost	**(1,084)**	(959)
Administrative expense	**(12)**	(12)
Contributions	**608**	606
Net interest cost	**(337)**	(261)
Effect of curtailments	**-**	(9)
Past service cost/(gain)	**(494)**	-
Experience gains	**129**	-
Actuarial (losses)/gains	**3,658**	(2,648)
Share of deficit in scheme at end of the year	**(10,797)**	(13,265)

Notes to the Financial Statements (continued)

25 Pension scheme liability (continued)

Amounts recognised in the statement of financial activities

	2020	**2020**	2019	2019
	£000	**£000**	£000	£000
Current service costs	**(1,084)**		(959)	
Contributions	**608**		606	
Past service cost	**(494)**		-	
Curtailments	**-**		(9)	
Administrative expense	**(12)**		(12)	
		(982)		(374)
Interest on plan liabilities	**(1,717)**		(1,633)	
Interest on plan assets	**1,380**		1,372	
		(337)		(261)
Total		**(1,319)**		(635)

5 year history of experience gains and losses

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Defined benefit obligation	**(63,325)**	(67,821)	(61,156)	(62,525)	(49,914)
Scheme assets	**52,528**	54,556	51,174	51,013	42,419
Deficit	**(10,797)**	(13,265)	(9,982)	(11,512)	(7,495)
Experience adjustments to scheme liabilities	**(6,213)**	5,383	3,473	-	-
Experience adjustments to scheme assets	**(2,555)**	2,735	(688)	7,477	(539)

26 Analysis of changes in net debt

Cash and cash equivalents

	At 1 April 2019	Cash flows	Other non-cash changes	**At 31 March 2020**
	£000	£000	£000	**£000**
Cash at bank and in hand	1,957	2,628	-	**4,585**
Deposits – investments	85	(3)	-	**82**
Total	2,042	2,625	-	**4,667**