Aberlour Child Care Trust

Annual Report and Financial Statements

Year ended 31 March 2022

Company Number SC312912 **Scottish Charity Number SC007991**

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Aberlour Child Care Trust
For the year ended 31 March 2022

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Trustees
David Robb – Board Chair
David Elder (resigned 20 September 2021)
Antony John Sinclair – Chair of Finance Committee
Jane Elizabeth Morgan - Chair of Improvement, Audit & Risk Committee
Andrew Black – Chair of Investment Committee
Andrew McFarlane (resigned 20 September 2021)
Timothy Armstrong
Ross Mathison
Robert Lindsay
Jennifer Robertson
Michelle Armstrong
Jozanne Bainbridge
Gavin Falconer
Neil Byers (resigned 18 August 2021)

Chief Executive
SallyAnn Kelly

Company Secretary
Ian Black

Charity Number
SC007991

Company Number
SC312912

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Solicitors

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

As I reflect on almost two years as Chair of Aberlour, I now fully see the strength of the organisation and the key role it plays in supporting many thousands of children and families in the areas of Scotland that we are privileged to operate Services in.

Not only have we cemented our operations and greatly improved organisational resilience, but we have achieved significant levels of organisation growth, both in established areas but also breaking new ground in areas we haven't hat Services before. The increased turnover helps further strengthen our balance sheet with the position carefully monitored by the Finance Committee.

As the organisation grows it is: -

- maintaining the high quality standards we set for ourselves;
- contributing to improvements and innovation in practice; and,
- lobbying on behalf of young people and families.

From a governance perspective our Improvement, Audit & Risk Committee scrutinises performance and challenges management to continue this trend.

Our growth is all the more remarkable given the context of reducing levels of public expenditure being applied by local government, thereby limiting our turnover potential.

The organisation is not only growing larger but the shape is changing as we modernise, embracing digital technology, adapting new processes and improving on our base of high quality in care practice. This agenda is trailed and reviewed by the Transforming Together Committee.

A long-term organisational risk to sustainability has been the deficit attributed to our Defined Benefits Pension Scheme within the North-East Scotland Pension Fund. It was a challenge to negotiate a mutually acceptable package but this was achieved and that will both allow Aberlour to end membership and have the deficit fully funded over fourteen years.

Aberlour has a rich history and has been an active provider of childcare in Scotland for one and a half centuries. Aberlour has had a positive impact on many lives with many thousands of children achieving their potential becoming successful and living fulfilled lives. However, in the past, the nation's care and safeguarding fell short of the high standards currently in place. Some instances were evidenced at the Scottish Child Abuse Inquiry chaired by Lady Smith. In an acknowledgement of past misdeeds Aberlour is a signatory of the Scottish Government's scheme for Financial Redress For Abuse Survivors. While financial recompense can never fully address these events, the organisation is sorry for any hurt suffered and hopes that redress payments give some comfort to those affected.

Looking forward the country's regulatory framework and more enlightened care practice must ensure this cannot happen again and we strongly support The Promise and the evolution that must be allowed from that.

On behalf of all the whole board I must express my appreciation for the work of the Investment Committee in reviewing the ethical restriction parameters that Quilter Cheviot, our investment managers operate within. This ensures the charity not only uses our investments for the benefit of service recipients but also plays a part in directing the financial markets towards making a positive difference.

During the pandemic our Aberlour Urgent Assistance Fund was in very high demand across Scotland. We have experienced at first hand and can evidence the impact of poverty on families. Significant monies were gratefully received from statutory agencies and grant-making charitable trusts boosting our giving. It is a concern that we see little abatement in demand but now have a reduction in funding capacity. Efforts continue to augment monies, including how we can be creative in use of our own resources, especially as we can evidence both the need and the impact of the grants we award.

Chair’s Foreword (continued)

Aberlour prides itself on always “being-there” for vulnerable children in Scotland. We make no distinction to the cause of that hardship or any individual’s ethnicity, only that they are in our country, and they need help and support. With that backdrop we have taken pride in our role supporting Dumfries & Galloway Council to create a warm residential environment at our Lincluden House premises in Dumfries, ready to house families and warmly welcome asylum seekers from the conflict in Ukraine. It is our hope that hostilities cease soon, but if called upon we are ready to help.

DAVID ROBB,
CHAIR

Chief Executive's Report

I am delighted to share the progress Aberlour has made in 2021-22. Rising to the challenges posed by the second year of the Covid emergency, we were able to deliver on our ambitious plans to reach more children, young people, and families.

We launched our new Being Brave Strategy (2021-25). This was the result of extensive consultation with children, young people, and families, our service based and central function staff and the Board of Trustees. The strategy sets out our aims to advance our fight against poverty and discrimination and to support more children and families across diverse communities.

The year brought unprecedented economic uncertainty and financial hardship for families. Our attention was rightly focused on how to alleviate this through our Family Support services and by distributing emergency cash grants via our Urgent Assistance Fund. I am proud to say that we raised over £2m for the Fund (2020-22) from generous donors. Funding that went direct to families most in need for essential items such as food, clothing, and heating.

Covid also saw Aberlour adopt new ways of working. Our Digital Transformation Programme enabled the charity to be agile in how we supported families, using digital platforms to keep relationships strong. It also ensured staff were able to work flexibly from home and still meet the needs of our children, families, and funders.

We continued to grow our portfolio of services, informed by the voices of our children and families. This has included the further expansion of our Sustain Intensive Family Support Services and the opening of new disability residential and respite services in Fife. Our children's residential services continue to perform well offering high quality and trauma informed care. We also realised a long-term ambition to establish new Mother and Child residential houses for women affected by drug and alcohol misuse.

Underpinning all Aberlour delivery has been Keeping The Promise. We ensured that The Promise principles guided our decision making from our strategy down to the individual support offered to families. We continue to work directly with the Promise team on several areas, including systems change activity to help partner organisations reduce the use of restraint in their residential homes, promote better Care Leaver moving on support, and develop more impactful family financial wellbeing.

We continue speaking truth to power. We have been bold in our campaigning and persistent in our influencing. Our Poverty to Hope Autumn campaign was one of our most successful raising much needed funding for families. Whereas our strong policy work continued to deliver tangible results including successfully influencing the Scottish Government to raise the Scottish Child Payment.

It remains an immense privilege to lead Aberlour, navigating the organisation through troubled economic and political times. Our organisational values of integrity, respect, challenge, and innovation remain at the heart of all that we do. I would like to thank our supporters for their continued backing and generosity which has allowed us to reach more children and families in Scotland who are most in need of support

Delivering services to children and families

We have continued to maintain, develop, and invest in a wide range of children and family support Services across Scotland. This includes community-based and residential services which adapted well to Covid restrictions. Highlights include:

- Expansion of our Sustain family support services to 7 local authorities. This includes an exciting new partnership with CAMHS in North Ayrshire to tackle children's emotional health and wellbeing.
- Ongoing development of the Scottish Guardianship service to support National Transfer Unaccompanied Asylum-Seeking Children, in partnership with the Scottish Refugee Council.
- Children's residential services – we opened our Red Squirrel house in Angus and continued to deliver quality outcomes for children and young people in our Sycamore Fife services. Our Highland Sycamore residential services secured continuation funding to allow it to undertake service redesign to better meet the needs of young people.

Chief Executive’s Report (continued)

- In Dumfries and Galloway our Communities2gether services continued to deliver fantastic support to local families and communities affected by Covid from our hub in Lincluden House, Dumfries.
- We continued to develop our Promise systems change work focused on reducing restraint in residential care and improving families financial wellbeing.

Business Development

Our achievements in service delivery have been enabled by an outstanding year for our business development team which has achieved a 92% success rate for development opportunities (across tenders and strategic funding applications). This success is testament to the quality of the services we deliver. Key achievements include:

- Securing 3 new Glasgow Family Support services – 2 early intervention services covering the Northwest and South of the City; and a citywide intensive Family Support Service (£1.8m)
- Developing 2 new national Mother and Child Houses – supporting mothers with substance misuse issues get the residential care they need without being separated from their children (£5.5m)
- Opening new Fife Disability services – a new disability residential service and a new build Respite service (£1.3m per annum)
- Expanding our Promise work – securing funding to explore changing the system of moving on support for care leavers in the Highlands and East Renfrewshire.
- Securing funding through The Robertson Trust’s Partners for Change Fund – to develop financial wellbeing support alongside intensive family support for families in Tayside.

This growth of new services and sustainment of existing provision resulted in the need to expand our senior operational Management capacity. Two new Assistant Director posts were created covering Tayside and Southeast Scotland. We also reconfigured our Marketing and Fundraising Directorate; combining it with our Business Development function to create a new Growth and Marketing Directorate. This has brought together Aberlour’s income generating teams and delivered organisational efficiencies.

Challenges Faced

The year also brought its challenges for the charity. The Covid pandemic saw the level of family poverty increase compounded by the developing cost of living increases in the second half of 2021-22. Our services were strained in their ability to help families due to increasing numbers seeking support and the urgency of need. Staff went above and beyond to ensure as many children and families as possible were helped in this most challenging of times.

Our Urgent Assistance Fund distributed £1.3m in cash grants to families in 2020. In 2021 we had £700,000 to distribute, but family need was greater. Our concerted efforts to raise funding was not enough and we would have liked to have done more here. The pressure to get spend out quickly and efficiently to families was also a challenge. This was met by improving our basic Urgent Assistance Fund management processes with an online fund management system. This helped reduce pressure on staff and distribute the funding more effectively.

Lastly, not unlike other charities and the wider economy, we struggled with staff recruitment. This was particularly apparent in our disability respite services in Fife, Aberdeen, and the Scottish Borders. We also struggled initially to recruit at scale to our new Glasgow Family Support Services. However, using a mixture of new and flexible recruitment methods, including for the first time TV advertising, we were able to reduce any negative impact on service implementation and operations.

Chief Executive's Report (continued)

Child Poverty

We continue to campaign to challenge the Scottish and UK Governments to do more to lift families out of poverty. As a member of the End Child Poverty coalition, we successfully influenced the Scottish Government to double the Scottish Child Payment for low-income families. Since April all eligible families now get £20 per child per week (more than £1000 per year for every child) in their pockets. The Scottish Government has committed to raise that further to £25 per child by the end of this year when all families with children under 16 become eligible for the payment. But we know this still isn't enough to lift many families out of poverty, and so we are calling for the payment to be doubled again to £40 per child per week from next year.

The Urgent Assistance Fund has highlighted the challenges many families experience accessing emergency financial support when they are in crisis. We are continuing to call for improvements to the Scottish Welfare Fund which we know doesn't work for many families in financial crisis. We are working with partner organisations, political parties and MSPs to challenge the Scottish Government to make these changes and improvements now, not later, so that families in real financial difficulty can be guaranteed help when they need it during the current cost of living crisis.

Our campaigning and influencing work highlights the day-to-day challenges faced by children and families we work with affected by poverty. We have continued to meet with and lobby Scottish Government ministers, civil servants and MSPs to do more to lift children out of poverty by increasing household incomes and putting more money in families' pockets

UNCRC

In our current strategy, Being Brave, we made a commitment to "work relentlessly to ensure that the United Nations Convention on the Rights of the Child (UNCRC) is fully embedded in law and is visible across our organisation and obvious in what we do and how we work with children, young people, and their families". We have taken steps to make sure all our work across Aberlour is guided and directly informed by UNCRC in a connected and consistent way, and children and young people's participation is at the heart of how we achieve that. We have continued to work with the Scottish Government to support their work on UNCRC incorporation. Aberlour young people have participated in the young person led the UNCRC incorporation reference group, Rights Right Now. We are also working with the Scottish Government through the UNCRC Parents' Reference Group to make sure the voices and views of parents we work with inform and influence how the Scottish Government implements UNCRC legislation.

Education and Learning

Our parliamentary influencing and public engagement activity has highlighted our commitment to supporting the learning and education of children and young people across our services, in school and at home, in ways that best respond to their needs. This has included a focus on how better Scotland can support the learning of children living in poverty by responding to challenges children face before and beyond the school gates; ensuring supportive and nurturing relationships in achieving this; and the unexpected positive impact of the pandemic and learning away from the formal school environment for some children living in our residential children's houses. We have engaged directly with the work of the Scottish Parliament's Education, Children and Young People Committee by giving evidence formally to inform their work on improving attainment, and by supporting children and young people we work with to participate in sessions with the Committee.

SallyAnn Kelly,

Chief Executive

Directors’ (Trustees’) Report (including Strategic Report)

The Trustees present their report and financial statements for the year ended 31 March 2022. 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 founded on his belief that every child has the ability flourish in society, regardless of the circumstances of their birth. In 1978 Aberlour Child Care Trust became a Scottish Charity constituted by statutory instrument. On 31 March 2010 the Trust was wound up and on 1 April 2010 all assets, liabilities and undertakings were transferred 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 continuing, now reflected in Aberlour’s values of Integrity, Challenge, Innovation and Respect.

The Trustees of Aberlour are the members of the Trust with their liability 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 individuals elected as Trustees by the Board, based on their experience and ability to make positive contributions to governance of the charity. New Trustees have references taken up, along with enhanced Disclosure Scotland checks. Induction packs and briefings on Aberlour’s policies and plans are provided and Trustees are encouraged to visit operational Services. It is Board practice to elect Trustees to serve an initial four-year term, which can be extended for a second four years with Board approval. Regular and ongoing training is provided to Trustees on governance and matters topical in the childcare sector.

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

The Board assesses major risks to which Aberlour is exposed, including those relating to Services to children & families and organisational finances. A corporate strategic risk register is reviewed regularly by Senior Leadership Team, bi-annually by the Board and regularly by Improvement, Audit & Risk Committee.

The Trustees who held office since 1 April 2021 are listed on page 1.

Key Management

Key management of Aberlour 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 Growth & Marketing, Director of IT & Digital, and the Director of Finance & Resources, who is also the Company Secretary.

Overview

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

Director's (Trustees') 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 2021/22 the value stood at £1,591k (2020/21 - £1,702k). Income in 2021/22 totalled £761k (2020/21 - £1,268k), of which £1,324k (2020/21 - £1,013k) was paid to beneficiaries across Scotland. These monies support families in crisis situations, often essential to maintaining stability within family units. Any earnings unspent in one year are carried forward as Restricted Funds into the following year. In 2018 OSCR approved an application to utilise capital growth to augment the capacity of AUAF. This and focused, successful fundraising campaigns have increased grant-making capacity allowing more need to be met in increasingly difficult circumstances.

Monies received from bequests and legacies totalled £12k (2020/21 - £13k) which 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 regularly review our cost base with non-operational assets being sold and co-locating Services and regional offices.

Aberlour seeks to influence national policy for children and young people, ensuring they are at the heart of decision processes of national and local government. We have embedded our volunteering strategy and have exploited opportunities available to Services. As a learning organisation, we continue student placements, so the future childcare workforce benefits from our vast experience, knowledge, and skills.

The economic climate is constrained, creating a challenging and commercially competitive landscape in the third sector. Aberlour continues delivering quality Services, seeking new opportunities to grow our business. We collaborate with other charities and key stakeholders where this offers best value, reduces unnecessary duplication, and shares scarce resources.

Vision and Services

Aberlour understands that not all children are born with an equal chance. We are committed to working together to beat poverty and discrimination. 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/alcohol dependency, family breakdown and the challenges of moving to another country. We provide specialist, high-quality, community, and residential care services in over 40 Service units 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 optimise outcomes;
- The Sustain Service model now operates widely across Scotland as an innovation aiming to reduce the prospect of deterioration in the circumstances of young people often 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;
- Support to children whose lives are affected by parental substance misuse;
- Residential care, short breaks and outreach Services for 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;
- Support and advocacy to children and young people who have arrived unaccompanied in Scotland and are navigating the asylum system;

Director's (Trustees') Report (Continued)

- 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;
- Facilities to promote positive parenting, early years learning and social skills within vulnerable and disadvantaged families;
- 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 People

Aberlour acknowledges and values the contribution staff make, which is recognised externally by holding the Investors in People. In June 2021 we were award Platinum status. According to the Investors in People website on 3% of organisations assessed last year achieved Platinum status. We have a separate IIP evaluation of employment support arrangements for younger employees which sits as Gold. We remain on a journey with the National Centre for Diversity, to be assessed as an Investor in Diversity.

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 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 social media channels. The event is valuable at many levels and is an annual fixture. In the last two years we have ensured that this event has still been able to take place by transferring the event to an online format.

Aberlour is recognised as a Disability Confident employer 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.

Consistent with organisational values, we place great importance on employee training and development as a means of ensuring quality assurance and high standards. During 2021/22 there were 5,345 Learning Activities completed by staff, with 3,618 e-learning/workbook completions, and 1,727 attendances at online face-to-face courses. There was a small number of in-person training in those attendances in respect of CALM escapes training which must be done in-person.

In total 337 courses were delivered, covering 96 different course headings, broadly categorised as Safeguarding, Health and Safety, Direct Practice and Management Development. 68 were externally delivered and 269 were delivered internally by the L&D Team with assistance from operational staff. There was an increase in the number of courses delivered due to:-

- Limited travel time provided scope to run two workshops in a day;
- Numbers attending workshops were still kept small to ensure optimum participation;
- Introduction of six new workshops on recording;
- An app, Mind-of- My-Own, required nearly all staff to receive training; and,
- External training providers continue to offer online face-to-face products.

The hybrid model for training and development events will continue using MS Teams along with a phasing back to in-person, for events requiring hands on practice (moving & handling, fire warden, first aid/medication training.)

Staff absence rate was 4.95% in 2021/22 compared to 3.81% for 2020/21. Covid related absences have had an increasing impact as precautionary restrictions were eased and transmission rates increased markedly in the period January to March 2022.

Director's (Trustees') Report (Continued)

Staff turnover was 25.11% in 2021/22, compared to 16.35% in 2020/21, with 20.2% leaving the organisation voluntarily. As Covid restrictions lifted and job opportunities in the social care sector expanded staff have become far more mobile and retention has been difficult. At the same time, we have been expanding. We opened 10 new service provisions of varying sizes increasing our overall average headcount by around 14%. Recruitment has been extremely challenging particularly for newly opened services. For some it has taken almost a year of constant recruitment to reach full staffing levels. In others this has been hampered by high turnover due to ongoing staffing pressures. These trends are similar to others in the sector, but we continue to look for opportunities to enhance recruitment and retention.

Aberlour annually conduct gender pay gap reporting. For April 2022 we reported a 5.85% mean pay gap against a national average of 15.4%. As per legal requirements the report is published in full on our website.

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 (where appropriate) 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 central to the organisation;
- Data analysis and surveys to prepare for introducing an organisation-wide asset management strategies 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, 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.

KEY PERFORMANCE INDICATORS

Aberlour have KPI's that relate to organisational success measures. These will lead to positive impacts for the organisation and our young people. The KPI's are challenging, with the objective of improving outcomes for the young people we support and their families. A summary follows:-

Sustainability

- It was aimed to maintain public funding above £16.4M. This target was exceeded by achieving £20.7M.
- It was targeted to reduce staff turnover by 5% from 25.3% over two years. Although a reduction was achieved, the target was missed with 25.1% being achieved. This reflects the difficulties in this area.

Impact

- To demonstrate the impact Aberlour has on the young people in our care, a KPI is set for the SHANARRI indicators (for 80% of the young people we support) to show overall as a status of "maintaining" or "improving". This target was exceeded, with an aggregate score of 91% being achieved.

Quality

- To demonstrate the quality of Services, a KPI has been set for Services to achieve a Care Inspectorate overall score of four or more. This has generally been achieved; new Services scores are by default marked lower by the CI in their early years of operating.
- Aberlour aims to achieve a staff satisfaction score of 90% or above. No survey took place last year, but a good proxy is achieving platinum status in the Investors In People survey.

Growth

- We targeted a 20% increase in overall revenue by 2025, from a base level of 2020/21. Performance was strong, narrowly missing the final 2025 growth target in the current year, performance of 18.2% was achieved.

Director's (Trustees') Report (Continued)

- A targeted increase in fostering and residential placement numbers by 2025 was targeted. Good progress is being made, with expansion in fostering developing well and, plans for two Mother & Babies units and developments in Aberdeenshire in progress.

QUALITY & CARE STANDARDS

There were twenty-four registered services in 2021-22. During the reporting year, due to the pandemic, the Care Inspectorate limited inspections to high-risk services only. Aberlour was considered a low risk and high performing organisation and as such no inspections took place until COVID restrictions were lifted. Several inspections took place with two published reports for Sycamore Veronica and Whytemans; finding on both were positive with both achieving an overall grade of "very good."

As lockdown restrictions eased, all outstanding fire risk assessments which were cancelled previously were completed, meaning that 30 Fire Risk Assessments were undertaken.

The Quality & Safeguarding team completed 23 Health and Safety Inspections, the majority of which were completed on site.

Residential care remains is central to Aberlour's operations. We work to meet all the obligations that care workforce regulations require with robust learning and development plans to maintains this. Outcomes over the last twelve months are listed below.

REMUNERATION POLICY

Aberlour pays no less than the Scottish Living Wage to staff and is committed to maintaining this policy, proudly holding membership of the Living Wage Foundation. Any changes to remuneration, other than cost of living arrangements, are assessed, and justified using the job evaluation scheme and the associated pay scales.

There is a job evaluation scheme against which all jobs are evaluated across the organisation, including promoted posts.

Annually a pay award is proposed by SLT and considered by the Board of Trustees on an annual basis. Decisions are made after consideration of affordability, sustainability and competitiveness within third sector employment trends. We aim to make an annual cost of living increase to all staff and in recent years we have weighted increases towards lower paid staff.

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

FINANCIAL REVIEW OF 2021/22

Income from charitable activities for the year was £21,150k compared to £16,967k in 2020/21. Voluntary income, including donations, legacies and other income for the year was £1,768k compared with £2,383k for the previous year and efforts will continue to grow this income stream to maximise the services provided.

Total expenditure for the year was £25,480k compared with £20,122k in 2020/21. The charity recorded an 'operating' deficit of £1,559k (2020/21 - £145k) as reflected in the Statement of Financial Activities (after adjusting for the pension fund expenditure movement).

The level of Unrestricted Reserves has decreased from £20,541k to £19,266k.

Director's (Trustees') Report (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees 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 Trustees 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.

The most recent review identified the most significant risks to be of the following type:

- **Sustainability** - recruitment & turnover – supporting staff, monitoring job applications, addressing recruitment risks;
- **Financial** - historic abuse claims from former Service users could have financial impacts of claims for damages, mitigated by participation in Scottish Government's Financial Redress scheme;
- **Reputational** - participation in the Historic Abuse Inquiry and media coverage;
- **Reputational** – data protection breaches and/or failure to comply with subject access requests;
- **Reputational** – failure to safeguard our service users;
- **Reputation & Sustainability** - failure to evidence impact, causing funders and commissioners not contracting for Services, leading to a smaller operational base and less competitive advantage;
- **Sustainability** - defined benefit pension scheme shows a funding deficit on the balance sheet;
- **Sustainability** – business continuity risks in the event of a business disaster event;
- **Sustainability** - spending restrictions leading to reduced funding for services threatening sustainability; and,
- **Impact** -failure to meet fundraising targets limiting the scope to internally fund Services.

FUTURE DEVELOPMENTS

Our organisational strategy for success, "Being Brave – for Children, Young People & Families", stated our ambitions as being able to:

- grow our services to support more children and families earlier
- reach more diverse communities
- influence policy and practice by elevating the voices of children and families
- being nimble and encourage change and innovation
- become the best employer that we can be – somewhere people choose to work and stay
- ensure our organisation is sustainable financially, socially, and environmentally - and is focussed on children and families

Our business success measures centre 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, utilising new innovations in business intelligence.

A 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 anticipate a growth in spot purchase and SDS opportunities.

In relation to growing and delivering Services outside Scotland, we have had interest through the framework agreement for local authorities in the North-East of England.

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, with an emphasis on digital. Our reputation within professional networks and academic fields continue to strengthen and we are well respected for our experience, innovation, and quality Services.

Director's (Trustees') Report (Continued)

PENSIONS

During 2021/22 Aberlour continued as an admitted-body employer under with North-East Scotland Pension Fund (NESPF) a Local Government Pension Scheme (LGPS). Details of Aberlour's share of the Fund, reported in accordance with FRS 102, are detailed in Note 24 of the Accounts.

Negotiation has concluded with Aberlour reaching agreement with NESPF to end membership in August 2022, thus taking more control of balance sheet liabilities through an affordable plan for cumulative liabilities without triggering a cessation event. Managing the pension deficit will provide stability to operational finances.

While agreement on the valuation of the deferred debt arrangement was in progress at the time of signing the accounts, up-front payment of £1m was made in August 2022 as the start of contributions agreed under the arrangement.

Our investments held in NESPF increased their value in 2021/22, increasing from £70,715k to £71,422k. This was accompanied by a decrease in the value of defined benefit liabilities from £73,639k to £72,664k which can be attributed to the change in the main assumption used in the actuarial calculations. Accordingly, net liabilities decreased from £2,924k in 2020/21 to £1,242k in 2021/22.

Aberlour's employer contribution rates are at 21.3%, as determined in the outcome of the NESPF Triennial Valuation in 2020.

Aberlour also has a Defined Contribution scheme (provided by Scottish Widows) that will be available to all employees. Aberlour also provides defined contribution arrangements for employees affected by auto-enrolment through the UK Government-backed NEST scheme.

FINANCIAL RESERVES

The major reserve is within the main investment portfolio, largely provided by generations of donors over the years. It is the Board's policy to seek to at least maintain the real value of this fund, so that income will continue to be available to further Aberlour's objectives. OSCR now allow reclassification of what was the "Endowment Fund" and it is now included as Unrestricted Reserves, providing more flexibility in furtherance of objectives and priorities.

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 £19,266k (2020/21 - £20,541k) of which free reserves are £12,951k (2020/21 - £16,524k) (being Unrestricted funds less tangible fixed assets and designated reserves) which represents 13.7 months (2020/21 – 22.8) of unrestricted expenditure.

The Board is cautious about having a figure set as a "target" for Unrestricted Reserves. Aberlour operate in a financially constrained environment, but our financial risks are greatly reduced by having a wide diversity in our funding streams, with multiple contracts with statutory bodies containing 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 regularly, and performance is assessed biannually by the Investment Committee. The portfolio is managed by Quilter Cheviot Investment Management on a total return basis with the objective of at least maintaining its value in real terms, while meeting our organisational requirement for income to support Aberlour's activities which are not funded from contractual income. Appropriate benchmarks have been adopted to provide an assessment of performance and return.

Director's (Trustees') Report (Continued)

The value on 31 March 2021 was £11,237k and over the period fluctuated, eventually closing at £10,103k in 2021/22. A similar scale of movement was noted for the Aberlour Urgent Assistance Fund portfolio (value on 31 March 2021 £1,704k closing at £1,591k in 2021/22). Movements in investments in total are set out in Note 15. Performance investment in 2021/22 was mixed, with a period of steady gains leading to the achieving of their highest value being immediately followed by a sharp fall due to economic conditions and geo-political situations. We remain confident that the high, resilient investments favoured by Quilter Cheviot will prove to be robust in the longer-term.

During a year of contrasting performances investment values fluctuated. The reasons for this included Covid-19 restrictions, post-Brexit uncertainty, the conflict in Ukraine, the political environment, global economic fluctuations and challenging global financial market sentiments.

Income from the main portfolio and interest earned during the year was £276k compared with £280k in 2020/21. The Aberlour Urgent Assistance Fund portfolio generated £43k compared with £42k in 2020/21 which was restricted to be fully applied to the AUAF. 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 portfolios fully reflect 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. The ethical parameters were reviewed in 2021. Under the policy, share exclusions are expended and now apply to:-

- Irresponsible marketing of alcohol to children;
- Armament sales to oppressive regimes;
- Pornography;
- Tobacco manufacture;
- Human Rights Violations – directly and via supply chains;
- Product Responsibility - when evident that infant nutrition is compromised;
- Pharmaceuticals - product responsibility requirements;
- Environmental excessive damage;
- Thermal coal; and,
- Cannabis as a recreational involvement.

Emissions and Energy Consumption

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

UK energy use in 2021/22
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.

2021/22

Fuel Source	Consumption (kWH)	Proportion
Electricity	396,103	18%
Gas	1,552,683	60%
LPG Oil	161,562	8%
Transport (Hired & "Grey" Fleet)	316,862	14%
	2,427,210	

2020/21

Fuel Source	Consumption (kWH)	Proportion
Electricity	356,610	22%
Gas	1,254,720	55%
LPG Oil	141,395	9%
Transport (Hired & "Grey" Fleet)	237,521	14%
	1,990,246	

Director's (Trustees') Report (Continued)

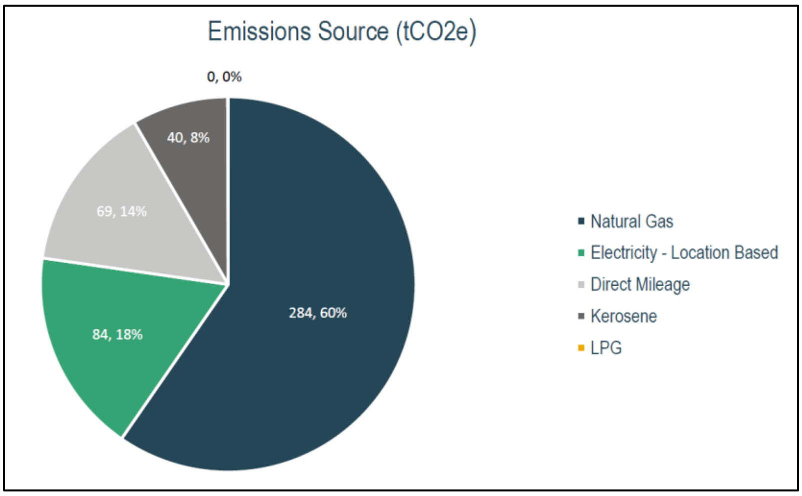
2019/20

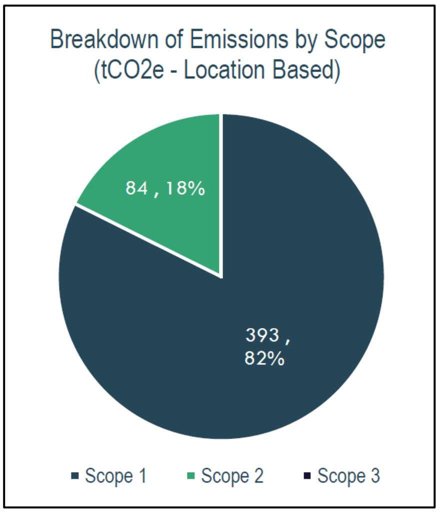
Fuel Source	Consumption (kWH)	Proportion
Electricity	386,040	14%
Gas	1,295,812	46%
LPG Oil	141,395	5%
Transport (Hired & "Grey" Fleet)	983,351	35%
	2,806,598	

As can be observed from the tables above, at the height of the pandemic Aberlour's energy consumption dropped, from 2.81m kWH in 2019/20 to 1.99m kWH in 2020/21. However in 2021/22 we have seen an overall rise to 2.43m kWH. This reflects the organisation's increased energy needs as Aberlour continues to grow, but also reflects restrictions in relation to COVID-19 being lifted during the year. It should be noted however that areas such as Transport, which made up 35% of Aberlour's energy consumption in 2019/20 have decreased to 14% in 2021/22, reflecting Aberlour's greater usage of digital meeting technology, and a reduction in our use of travel and therefore energy consumption related to it.

SECR Guidance

The footprint includes "Scope 1" (e.g. combustion of fuel, fugitive, and process emissions) and "Scope 2" (electricity) emissions associated with the activities for which Aberlour Child Care Trust are responsible. The footprint is calculated in accordance the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance. Activity data has been converted into carbon emissions using published emissions factors. A wide range of publicised carbon emissions factors are publicly available. DEFRA emission factors have been used for all emissions sources as this provides the most comprehensive list of factors available. They allow an activity to be converted into tonnes of carbon dioxide equivalent (tCO2e). Market based factors have been taken from each of Aberlour Child Care Trust's relevant suppliers.





Aberlour Child Care Trust is forging ahead with energy efficiency actions and completed the move to 100% green electricity this year. Smart meters are now in place in most of our services with plans to roll out to the rest by the end of this year.

The 'Go Green' environmental group has been established with representatives from various areas of the charity who meet on a regular basis to push environmental initiatives throughout all services, ensuring this is kept this at the top of our agenda.

Commercial Energy Performance Certificate reports are underway on Aberlour owned properties with a view to gathering more information on next steps to make our properties more energy efficient. These will be complimented by building condition reports which will refer to further improvements. ESOS Phase 3 reporting continues.

Director's (Trustees') Report (Continued)

Annual Energy Efficiency Statement

We have completed an Energy Trust fleet review, and this has informed us of the next steps for our move to more sustainable transport. We are in discussions with suppliers to begin the move to electric vehicles and the installation of chargers in our homes in due course.

We are committed to becoming more sustainable as we move forward into the 2022/23 financial year.

SECTION 172 STATEMENT

The Trustees of Aberlour are mindful of how they and the wider organisation performs in meeting the responsibilities set out in S172(1) of the Companies Act 2006 in how the organisation meets the needs of stakeholders. Appropriate corporate governance is uppermost in the organisation's behaviours and fundamental to how the Trustees 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 Trustees 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. Service-continuity is important to staff, commissioners, donors, policy makers and regulators so they retain faith in the commitment of the organisation to deliver on strategic and operational objectives.
- The Trustees 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 they 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 wide-ranging network of support available to 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 plans and ambitions and considering current developments in childcare practice. Attendance at the conference is encouraged and by digital means have improved and extended the scope for wider engagement and participation. We consult regularly with current and former staff and are responsive to any matters they feed-back.
- All changes and updates to operations and strategy are subject to senior management consultation with all staff and middle-management groups. We assess and act on any suggestions that have merit and undertake exit interviews with leavers to identify areas we can improve. The findings from leaver interviews formed the basis of a package on improvements to terms and conditions made to all employment contracts with the objective of improving staff recruitment and 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 and supporting their families), Aberlour operates with a culture of ethical business practice, reflecting the core values of the organisation.
- Suppliers are sought based on price, quality, and expertise, with fair and transparent tender processes undertaken to secure commercial benefits and best value
- Aberlour actively engages in a range of relevant professional bodies to share organisational experiences and professional standards and practice. The organisation is represented in various forums that demonstrate the high standing of the organisation, from stakeholder consultation processes to formal local authority child protection committees.

Director's (Trustees') Report (Continued)

<u>The impact of operations on the community and the environment</u>

- Awareness of other parties' perception of the young people we care for in our residential services results 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.
- There are examples of Aberlour withdrawing interest in property purchases after neighbour notifications and public meetings have demonstrated local resistance.
- The Board approved an Environmental Policy in 2019 and pre-planned maintenance programs incorporate improvements that can be made, and lifecycle investments required.
- An organisation-wide group focussing on environmental matters was formed to both spread awareness of the importance of environmentally sustainable practice but also to gather suggestions on how we can make further improvements.
- To ensure we are doing all we can, we plan to engage external expertise.

<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 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.
- We closely engaged with the Scottish Government over new Financial Redress arrangements feeding back on proposals, many of which were adopted within the terms of the scheme which went live in December 2021. Aberlour is named as a contributor.

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

- Corporate governance is an uppermost consideration for Trustees and the Executive Team in all dealings on behalf of or when 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.

GOING CONCERN

The Board of Trustees remains of the opinion that Aberlour can continue to meet its obligations, as they fall due for the foreseeable future. Consequently, these financial statements have been prepared on the Going Concern basis. The Trustees and Executive Team have prepared budgets and forecasts including a strategic plan through to 2026/27 which show no concerns with regards to the financial resilience of the organisation.

A challenging financial environment is anticipated post-pandemic and this is likely to be exacerbated by turbulent economic circumstances. These financial statements continue to 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 from commissioners is anticipated to continue.

In order to corroborate this, the Executive Team has gone through long term budget forecasting through to 2026/27. This was using assumptions on service income factoring in aspects of growth already underway and the long-term impacts of this on overall Aberlour Income. The assessments included an element of income attrition, making forecasts more realistic, allowing for some income loss in certain areas.

While uncertainty exists, this is not to the extent that it casts any doubt on the ability of Aberlour to continue operating, even in the worst-case scenario. Even under a pessimistic long term budgeting scenario, it is appropriate for these accounts to be prepared on a going concern basis.

TRUSTEES' RESPONSIBILITIES

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

Director's (Trustees') Report (Continued)

Charity law and company law requires the Trustees 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 Trustees 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 Trustees 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 Trustees 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 Trustees at the time the report is approved:

a) So far as the Trustee 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 Trustee 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' (Trustees') Report, the Trustees are also approving the Strategic Report in their capacity as Company Directors. The report was approved by the Trustees on 03 October 2022 and signed on its behalf by:

David Robb
Chair

Independent Auditor's Report to the Trustees and Members of Aberlour Child Care Trust for the year ended 31 March 2022

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2022 and of its incoming resources and application of resources 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.

We have audited the financial statements of Aberlour Child Care Trust Limited ("the charitable company") for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Trustees and Members of Aberlour Child Care Trust for the year ended 31 March 2022 (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Directors' (Trustees') Report and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the annual report, which includes the Directors' (Trustees') report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Directors' (Trustees') report has been prepared in accordance with applicable legal requirements.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime; or

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees 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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees 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 Trustees 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 Trustees and Members of Aberlour Child Care Trust for the year ended 31 March 2022 continued

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The procedures that we designed and executed included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- reading minutes of meetings of those charged with governance; reviewing correspondence with regulatory bodies and from legal advisors to identify indications of non-compliance with laws and regulations;
- assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our audit testing;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with 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) and the Charities SORP (FRS 102);
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- vouching balances and reconciling items in key control accounts reconciliations to supporting documentation as at 31 March 2022; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate supporting documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Trustees and Members of Aberlour Child Care Trust for the year ended 31 March 2022 continued

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 trustees, 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 directors and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Martin Gill
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Martin Gill (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Edinburgh, UK 27 October 2022

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

2022 Statement of Financial Activities (incorporating income & expenditure account)

	Note	**Unrestricted funds £000**	**Restricted funds £000**	**Pension fund £000**	**Total 2022 £000**	Total 2021 £000
Income:						
Charitable activities	*4*	**9,832**	**11,318**	**-**	**21,150**	16,967
Donations and legacies	*5*	**589**	**1,179**	**-**	**1,768**	2,383
Income from other trading activities	*6*	**9**	**6**	**-**	**15**	26
Investment income	*7*	**276**	**43**	**-**	**319**	321
Other income	*8*	**2**	**-**	**-**	**2**	2
		10,708	**12,546**	**-**	**23,254**	19,699
Expenditure on:						
Charitable activities	*9*	**10,595**	**13,466**	**667**	**24,728**	19,349
Raising funds	*10*	**743**	**9**	**-**	**752**	773
		11,338	**13,475**	**667**	**25,480**	20,122
Net income/(expenditure) before gains and transfers		**(630)**	**(929)**	**(667)**	**(2,226)**	(423)
Realised gains on investments		**56**	**5**	**-**	**61**	157
Unrealised (losses)/gains on investments	*15*	**111**	**10**	**-**	**121**	2,542
Net income/(expenditure) after gains before transfers		**(463)**	**(914)**	**(667)**	**(2,044)**	2,276
Transfers between funds	*11*	**(579)**	**579**	**-**	**-**	-
Net income/(expenditure) before other recognised gains and losses		**(1,042)**	**(335)**	**(667)**	**(2,044)**	2,276
Other recognised gains and (losses):						
Loss on revaluation of fixed assets	*14*	**(233)**	**-**	**-**	**(233)**	-
Actuarial gains/(losses) on defined benefit pension scheme	*24*	**-**	**-**	**2,349**	**2,349**	8,441
Net movement in funds		**(1,275)**	**(335)**	**1,682**	**72**	10,717
Funds brought forward		**20,541**	**4,164**	**(2,294)**	**21,781**	11,027
Funds carried forward	*22,23*	**19,266**	**3,829**	**(1,242)**	**21,853**	21,781

2021 Statement of Financial Activities (incorporating income & expenditure account)

	Note	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Pension fund £000	Total 2021 £000	Total 2020 £000
Income:							
Charitable activities	*4*	**7,523**	**9,444**	**-**	**-**	**16,967**	16,497
Donations and legacies	*5*	**761**	**1,622**	**-**	**-**	**2,383**	1,621
Income from other trading activities	*6*	**7**	**19**	**-**	**-**	**26**	50
Investment income	*7*	**280**	**41**	**-**	**-**	**321**	368
Other income	*8*	**2**	**-**	**-**	**-**	**2**	74
		8,573	**11,126**	**-**	**-**	**19,699**	18,610
Expenditure on:							
Charitable activities	*9*	**7,929**	**10,686**	**166**	**568**	**19,349**	18,907
Raising funds	*10*	**765**	**8**	**-**	**-**	**773**	759
		8,694	**10,694**	**166**	**568**	**20,122**	19,666
Net income/(expenditure) before gains and transfers		**(121)**	**432**	**(166)**	**(568)**	**(423)**	(1,056)
Realised gains on investments		**-**	**4**	**153**	**-**	**157**	51
Unrealised gains/(losses) on investments	*15*	**-**	**345**	**2,197**	**-**	**2,542**	(776)
Net income/(expenditure) after gains before transfers		**(121)**	**781**	**2,184**	**(568)**	**2,276**	(1,781)
Transfers between funds	*11*	**15,968**	**-**	**(15,968)**	**-**	**-**	-
Net income/(expenditure) before other recognised gains and losses		**15,847**	**781**	**(13,784)**	**(568)**	**2,276**	(1,781)
Other recognised gains and (losses):							
Actuarial (losses)/gains on defined benefit pension scheme	*24*	**-**	**-**	**-**	**8,441**	**8,441**	(3,787)
Net movement in funds		**(121)**	**781**	**(13,784)**	**7,873**	**10,717**	(2,006)
Funds brought forward		**4,694**	**3,383**	**13,784**	**(10,797)**	**11,027**	9,058
Funds carried forward	*22,23*	**20,541**	**4,164**	**-**	**(2,924)**	**21,781**	11,064

Aberlour Child Care Trust
For the year ended 31 March 2022

Balance Sheet
As at 31 March 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	*14*	**6,315**	6,640
Investments	*15*	**12,296**	13,086
		18,611	19,726
Current assets			
Debtors	*16*	**3,064**	1,720
Cash at bank and in hand		**4,554**	5,655
		7,618	7,375
Liabilities			
Creditors: amounts falling due within one year	*17*	**(2,179)**	(2,188)
Net current assets		**5,439**	5,187
Total assets less current liabilities		**24,050**	24,913
Creditors: amounts falling due after one year	17	**(800)**	-
Provisions for liabilities and charges	*18*	**(155)**	(208)
Net assets, excluding pension liability		**23,095**	24,705
Pension scheme liability	*24*	**(1,242)**	(2,924)
Net assets		**21,853**	21,781
Charity funds			
Restricted income funds	*22*	**3,829**	4,164
Unrestricted funds	*22*	**19,266**	20,541
Pension reserve	*22*	**(1,242)**	(2,924)
Total charity funds	*22, 23*	**21,853**	21,781

The financial statements were approved and authorised for issue by the Directors on 03 October 2022

David Robb
Chair

Company Registration Number: SC312912

The notes on pages 29 to 47 form part of these financial statements

Cash Flow Statement

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

	2022 £000	2021 £000
Net (expenditure)/income as per SOFA	**(2,044)**	2,276
Adjustments for:		
Gains/(losses) on investments	**(182)**	(2,699)
Loss on sale of fixed assets	**-**	137
Adjustment to pension costs	**667**	568
Depreciation charges	**171**	212
Increase in debtors	**(1,335)**	(93)
Increase/(decrease) in creditors	**791**	961
Interest and dividends	**(319)**	(321)
Release of provisions	**(53)**	(9)
Net cash from/ (used by) operating activities	**(2,304)**	1,032
Cash flows from investing activities		
Dividends from investments	**319**	321
Purchase of tangible fixed assets	**(86)**	(702)
Proceeds of sale of tangible fixed assets	**7**	304
Purchase of investments	**(3,515)**	(2,500)
Proceeds of sale of investments	**4,933**	2,623
Net cash from/(used by) investing activities	**1,658**	46
Change in cash and cash equivalents	**(646)**	1,078
Cash and cash equivalents at the beginning of the reporting period	**5,745**	4,667
Cash and cash equivalents at the end of the reporting period	**5,099**	5,745
Analysis of cash and cash equivalents (note 25)		
Cash at bank and in hand	**4,532**	5,634
Deposits – investments (note 15)	**567**	111
	5,099	5,745
Reconciliation to cash per balance sheet		
Cash at bank and in hand	**4,532**	5,634
Fixed term deposits – access greater than 3 months	**22**	22
Cash per balance sheet	**4,554**	5,656

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 childcare 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 Trustees remains of the opinion that Aberlour can continue to meet its obligations, as they fall due for the foreseeable future. Consequently, these financial statements have been prepared on the Going Concern basis. The Trustees and Executive Team have prepared budgets and forecasts including a strategic plan through to 2026/27 which show no concerns with regards to the financial resilience of the organisation.

A challenging financial environment is anticipated post-pandemic, and this is likely to be exacerbated by turbulent economic circumstances. These financial statements continue to 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 from commissioners is anticipated to continue.

In order to corroborate this, the Executive Team has gone through long term budget forecasting through to 2026/27. This was using assumptions on service income factoring in aspects of growth already underway and the long-term impacts of this on overall Aberlour Income. The assessments included an element of income attrition, making forecasts more realistic, allowing for some income loss in certain areas.

While uncertainty exists, this is not to the extent that it casts any doubt on the ability of Aberlour to continue operating, even in the worst-case scenario. Even under a pessimistic long term budgeting scenario, it is appropriate for these accounts to be prepared on a going concern basis.

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.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

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.

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.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

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

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

Designated funds of £423k represent the following: £31k Investment in Developing Fostering Services due to be spent in 22/23, £392k in service funding during 2022/23.

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 24.

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.

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.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

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.

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 24.

- 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

2022

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2022	Total 2021
	£000	£000	£000	£000	£000
Local authority and government funding	9,415	11,284	-	20,699	16,526
Receipts from service users	417	34	-	451	441
	9,832	11,318	-	21,150	16,967

2021

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2021	Total 2020
	£000	£000	£000	£000	£000
Local authority and government funding	7,119	9,407	-	16,526	15,745
Receipts from service users	404	37	-	441	586
Receipts from other providers	-	-	-	-	166
	7,523	9,444	-	16,967	16,497

Included in Local Authority and Government Income is income from the Scottish Government comprising £911k (2021- £910k) including: for Urgent Assistance Funding in response to the COVID-19 Pandemic £350k (2021 - £422k); £50k (2021 £50k) specifically looking at Urgent Assistance Awards in relation to Debt Support; £80k (2021 – £85k) for Perinatal and Infant Mental Health Service in Forth Valley; £53k (2021 - £51k) for Volunteering Service; £54k (2021 - £38k) for our Communities 2Gether Service through Investing in Communities; £137k (2021 - £nil) in relation to COVID-19 payments made to Residential Care Workers; £175k (2021 - £nil) from The Promise Partnership through Corra Foundation; £13k (2021 - £nil) in relation to Mother & Child recovery houses project. £nil (2021-£57k) for South Ayrshire Family Support service; £nil (2021 - £77k) for Glasgow Family Support Service from Wellbeing and Immediate Priorities Fund; £nil (2021 - £48k) for Glasgow Family Service through Aspiring Communities fund; £nil (2021 - £7k) for a secondment to a Scottish Government Task Force; £nil (2021 - £85k) Share of emergency COVID-19 funding through the immediate priorities and wellbeing funds in relation to community services in Falkirk, Dumfries, Dundee, Elgin and Perth & Kinross

5 Donations and legacies

2022

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2022	Total 2021
	£000	£000	£000	£000	£000
Big Lottery Fund	-	360	-	360	351
Donations	577	819	-	1,396	2,019
Legacies	12	-	-	12	13
	589	1,179	-	1,768	2,383

Notes to the Financial Statements (continued)

5 Donations and legacies (continued)

2021

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2021	Total 2020
	£000	£000	£000	£000	£000
Big Lottery Fund	-	351	-	351	245
Donations	754	1,265	-	2,019	1,338
Legacies	7	6	-	13	38
	761	1,622	-	2,383	1,621

Big Lottery Fund income comprised £104k (2021 - £141k) for our Perinatal Service in East Lothian; £174k (2021 - £156k) for Digital Transformation; £82k for Sustain North Ayrshire (2021 - £35k); £nil from Chance to Study (2021 - £3k) for our Smarter 2Gether service; £nil (2021 - £15k) for South Ayrshire Family Support Service.

6 Income from other trading activities

2022

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2022	Total 2021
	£000	£000	£000	£000	£000
Rental of surplus property	9	6	-	15	26
	9	6	-	15	26

2021

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2021	Total 2020
	£000	£000	£000	£000	£000
Events and sponsorship	-	-	-	-	1
Rental of surplus property	7	19	-	26	64
	7	19	-	26	65

Notes to the Financial Statements (continued)

7 Investment income

2022

	Government stocks	Equities & other	Total 2022	Total 2021
	£000	£000	£000	£000
United Kingdom	19	189	208	213
Overseas	-	111	111	108
	19	300	319	321

2021

	Government stocks	Equities & other	Total 2021	Total 2020
	£000	£000	£000	£000
United Kingdom	70	143	213	277
Overseas	-	108	108	91
	70	251	321	368

8 Other income

2022

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2022	Total 2021
	£000	£000	£000	£000	£000
Other	2	-	-	2	2
	2	-	-	2	2

2021

	Unrestricted & designated funds	Restricted funds	Endowment fund	Total 2021	Total 2020
	£000	£000	£000	£000	£000
Other	2	-	-	2	74
	2	-	-	2	74

Notes to the Financial Statements (continued)

9 Expenditure on charitable activities

2022

	Activities undertaken directly	Support costs	Total 2022	Total 2021
	£000	£000	£000	£000
Children and families affected by disability	7,510	336	7,846	5,430
Children and families affected by drugs and alcohol	196	9	205	174
Early years	1,931	86	2,017	2,079
Early intervention and prevention	12,591	502	13,093	11,045
Losses on sale of fixed assets	-	-	-	53
Defined benefit pension costs (note 24)	667	-	667	568
Redress Scheme Costs	900	-	900	-
	23,795	933	24,728	19,349

2021

	Activities undertaken directly	Support costs	Total 2021	Total 2020
	£000	£000	£000	£000
Children and families affected by disability	5,167	263	5,430	5,559
Children and families affected by drugs and alcohol	165	9	174	149
Early years	1,978	101	2,079	2,073
Early intervention and prevention	10,510	535	11,045	9,807
Losses on sale of fixed assets	53	-	53	2
Defined benefit pension costs (note 24)	568	-	568	1,319
	18,441	908	19,349	18,907

Notes to the Financial Statements (continued)

9 Expenditure on charitable activities (continued)

The support costs can be analysed as follows:

2022

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 2022 £000	Total 2021 £000
Operations, management & support	134	4	34	201	373	362
People & quality	90	2	23	134	249	242
Finance, IT & resources	67	2	17	101	187	183
Governance costs	45	1	11	67	124	121
	336	9	86	503	933	908

2021

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 2021 £000	Total 2020 £000
Operations, management & support	105	3	40	214	362	379
People & quality	70	2	27	143	242	252
Finance, IT & resources	53	2	21	107	183	188
Governance costs	35	1	14	71	121	126
	263	8	102	535	908	945

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 2022	Total 2021
	£000	£000
Donations and legacies	**276**	284
Fundraising events and sponsorship	**406**	429
Investment manager's fees	**69**	60
	752	773

11 Transfers between funds

2022	Unrestricted & Designated Funds	Restricted Funds
	£000	£000
Transfers to restricted funds (see note 23)	**(579)**	**579**
	(579)	**579**

2021

	Unrestricted & Designated Funds	Restricted Funds
	£000	£000
Transfers from unrestricted funds	15,968	(15,968)
	15,968	(15,968)

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 2022	Total 2021
	£000	£000
Salaries	**15,309**	12,262
Social security costs	**1,211**	1,033
Employer's pension costs	**1,102**	986
Pension scheme net debit recognised (Note 24)	**614**	316
Redundancy, settlement and ex-gratia payments	**19**	34
	18,255	14,631

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 £18,799 (2021: £34,157). There were no settlement payments made during this period (2021 - £nil).

No director was reimbursed for travel costs during the year (2021: £86).

Number of employees who received remuneration exceeding £60,000:	**2022**	2021
Between £60,000 and £70,000	**5**	5
Between £70,001 and £80,000	**1**	1
Between £80,001 and £90,000	**0**	1
Between £90,001 and £100,000	**1**	0

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

Valerie Surgenor, a member of the Board until her resignation (14 September 2020), is a partner in MacRoberts, Solicitors. There were no related party transactions in the year to 31st March 2022 (2021 £15,266).

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 2021 comprised 7 members of staff (2021: 7). The total remuneration of the Senior Leadership Team for the period was £629K (2021: £635K). The terms and conditions relating to this group of employees is consistent to the wider workforce.

	2022	2021
Average number of FTE employees during the year	**Number**	Number
Operational	**277**	237
Administrative & support	**78**	75
Management	**90**	78
	445	390

	2022	2021
Average number employees during the year	**Number**	Number
Operational	**339**	288
Administrative & support	**101**	102
Management	**90**	80
	530	470

13 Audit and accountancy fees

	2022	2021
	£000	£000
Audit services	**26**	20
	26	20

Notes to the Financial Statements (continued)

14 Tangible fixed assets

2022

	Land and buildings	Fixtures and fittings	Vehicles	Computer equipment	Total
	£000	£000	£000	£000	£000
Cost / valuation					
Balance at 1 April 2021	7,096	11	446	6	7,559
Additions	52	-	34	-	86
Disposals	-	-	(45)	-	(45)
Balance at 31 March 2022	**7,148**	**11**	**435**	**6**	**7,600**
Depreciation					
Balance at 1 April 2021	558	2	354	5	919
Charge in year	114	3	53	1	171
Disposals	-	-	(38)	-	(38)
Revaluation	233	-	-	-	233
Balance at 31 March 2022	**905**	**5**	**369**	**6**	**1,285**
Net book value:					
31 March 2021	6,538	9	92	1	6,640
31 March 2022	**6,243**	**6**	**66**	**-**	**6,315**

Included in land and buildings is land of £1,446k (2021 - £1,433k) which is not depreciated. Both land and buildings were revalued in July 2022 by an independent valuer, Graham + Sibbald UK LLP on an open market basis for existing use resulting in a loss on revaluation of fixed assets of £233k recognised during the year. Land and buildings at historic cost had a cost of £5,055k (2021 - £5,055k) accumulated depreciation of £966k (2021 - £852k) and net book value of £4,089k (2021 - £4,203k) at 31 March 2022.

2021

	Land and buildings	Fixtures and fittings	Vehicles	Computer equipment	Total
	£000	£000	£000	£000	£000
Cost / valuation					
Balance at 1 April 2020	6,966	-	419	6	7,391
Additions	633	11	58	-	702
Disposals	(503)	-	(31)	-	(534)
Balance at 31 March 2021	**7,096**	**11**	**446**	**6**	**7,559**
Depreciation					
Balance at 1 April 2020	**469**	**-**	**327**	**4**	**800**
Charge in year	151	2	58	1	212
Disposals	(62)	-	(31)	-	(93)
Balance at 31 March 2021	**558**	**2**	**354**	**5**	**919**
Net book value:					
31 March 2020	6,497	-	92	2	6,591
31 March 2021	**6,538**	**9**	**92**	**1**	**6,640**

Notes to the Financial Statements (continued)

15 Investments

	2022	2021
	£000	£000
Quoted investments:		
Market value at 1 April	**12,975**	10,398
Acquisitions at cost	**3,515**	2,500
Disposals	**(4,872)**	(2,465)
Unrealised gains/(losses)	**121**	2,542
Market value at 31 March	**11,729**	12,975
Historical cost at 31 March	**9,397**	10,176
Accumulated unrealised gains	**2,332**	2,799
Market value at 31 March	**11,729**	12,975
United Kingdom	**7,581**	9,133
Overseas	**4,148**	3,842
Cash held for reinvestment	**567**	111
Market value at 31 March	**12,296**	13,086
Government stocks	**582**	664
Equities and other investments	**11,147**	12,311
Cash held for reinvestment	**567**	111
Market value at 31 March	**12,296**	13,086

16 Debtors

	2022	2021
	£000	£000
Grants and fees	**2,541**	1,398
Taxation recoverable	**12**	43
Other debtors	**130**	133
Accrued income	**381**	146
	3,064	1,720

Notes to the Financial Statements (continued)

17 Creditors

	2022	2021
Amounts falling due within one year:	**£000**	£000
Trade creditors	**201**	154
Funding agencies - deferred income	**1,147**	1,264
Other creditors	**352**	367
Other taxation and social security	**327**	271
Pension creditor	**152**	132
	2,179	2,188
Amounts falling due after one year		
Other creditors	**800**	-
	800	-
Deferred income		
Opening balance: Funding received in advance	**1,264**	649
Released in the period	**(1,264)**	(649)
Deferred during the period	**1,147**	1,264
Closing balance: Funding received in advance	**1,147**	1,264

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

	2022	2021
Property dilapidation costs:	**£000**	£000
At 1 April 2021	**208**	217
Increase in provisions during year	**-**	-
Released to the Statement of Financial Activities	**(53)**	(9)
At 31 March 2022	**155**	208

19 Financial instruments

	2022	2021
Financial assets:	**£000**	£000
Financial assets measured at fair value	**11,729**	12,975
Financial assets measured at amortised cost	**8,172**	7,444
	19,901	20,308
Financial liabilities		
Financial liabilities measured at amortised cost	**605**	653

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

	2022	**2022**	2021	2021
	£000	**£000**	£000	£000
	Land & buildings	**Other**	Land & buildings	Other
Amounts payable under non-cancellable operating leases:				
Within one year	**218**	**31**	185	31
In two to five years	**99**	**63**	249	94
Total obligations	**317**	**94**	434	125

Operating lease rentals charged as an expense during the year totalled £275k (2021 – £227k).

21 Rental income under operating leases

At 31 March 2022 the charity had future minimum lease income under non-cancellable operating leases as follows:

	2022	2021
	£000	£000
	Buildings	Buildings
within one year	**13**	8
In two to five years	**-**	-
	13	8

22 Analysis of net assets between funds

31 March 2022	**Investments**	**Tangible fixed assets**	**Net current assets**	**Provisions**	**Pension fund deficit**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Restricted funds	**-**	**-**	**1,473**	**-**	**-**	**1,473**
Restricted fund – AUAF	**1,665**	**-**	**-**	**-**	**-**	**1,665**
Restricted fixed asset reserve	**-**	**691**	**-**	**-**	**-**	**691**
Designated	**-**	**-**	**423**	**-**	**-**	**423**
Unrestricted funds	**10,631**	**5,624**	**2,743**	**(155)**	**-**	**18,843**
Pension reserve	**-**	**-**	**-**	**-**	**(1,242)**	**(1,242)**
	12,296	**6,315**	**4,639**	**(155)**	**(1,242)**	**21,853**

Restricted funds of £3.8m in total comprise the following: £1.7m value of asset portfolio in relation to the Aberlour Urgent Assistance Fund (AUAF); £0.7m in relation to Restricted grants for fixed assets; remaining £1.6m relates to restricted funds across 38 services in various locations across Aberlour. Of these balances only 4 are above £100k individually, 2 in relation to the Intensive Family Support Services in Dumfries & Galloway, one in relation to the Digital Transformation Project funded by Big Lottery and one for our Family Service based in Falkirk.

Notes to the Financial Statements (continued)

22 Analysis of net assets between funds (continued)

31 March 2021	Investments	Tangible fixed assets	Net current assets	Provisions	Pension fund deficit	Total
	£000	£000	£000	£000	£000	£000
Endowment fund	-	-	-	-	-	-
Restricted funds	-	2,408	-	-	-	2,408
Restricted fund – AUAF	1,686	92	2,113	-	-	3,891
Restricted fixed asset reserve	-	691	-	-	-	691
Designated	-	-	478	-	-	478
Unrestricted funds	11,400	3,449	2,596	(208)	-	17,237
Pension Reserve	-	-	-	-	(2,924)	(2,924)
	13,086	**6,640**	**5,187**	**(208)**	**(2,924)**	**21,781**

23 Analysis of charitable funds

	Balance at 1 April 2021	Income	Expenditure	Gains/ (losses)	Transfers (note 11)	**Funds at 31 March 2022**
Unrestricted funds	20,541	10,708	(11,338)	(66)	(579)	**19,266**
Restricted funds	4,164	12,546	(13,475)	15	579	**3,829**
Pension fund	(2,924)	-	(667)	2,349	-	**(1,242)**
	21,781	23,254	(25,480)	2,298	-	**21,853**

2021

	Balance at 1 April 2020	Income	Expenditure	Gains/ (losses)	Transfers (note 11)	**Funds at 31 March 2021**
Unrestricted funds	4,694	8,573	(8,694)	-	15,968	**20,541**
Restricted funds	3,383	11,126	(10,694)	349	-	**4,164**
Endowment fund	13,784	-	(166)	2,350	(15,968)	**-**
Pension fund	(10,797)	-	(568)	8,441	-	**(2,924)**
	11,064	19,699	(19,666)	11,140	-	**21,781**

In financial year 20/21 OSCR provided approval to allow reclassification of the former “Endowment Fund” within Restricted Reserves which will allow inclusion of these monies as Unrestricted Reserves. A transfer was made between these reserves on 31 March 2021.

24 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 £152k (2021: £132k) 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 2020 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 2022.

The main assumptions used in the actuarial calculations are:

	31 March 2022	31 March 2021
Rate of salary increases (% per annum)	**2.50%**	2.00%
Rate of pension increase (% per annum)	**3.40%**	2.80%
Discount rate (% per annum)	**2.80%**	2.05%
Inflation rate (% per annum)	**3.30%**	2.80%

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 2022 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:

		2022	2021
Retiring 31 March 2021	Males	**21.5**	21.5
	Females	**24.2**	24.2
Retiring in 20 years	Males	**23**	23.1
	Females	**26.3**	26.3

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.

	2022	2021
	£000	£000
Fair value of scheme assets	**71,422**	70,715
Present value of funded obligations	**(72,664)**	(73,639)
Net liability in the balance sheet	**(1,242)**	(2,924)

Notes to the Financial Statements (continued)

24 Pension scheme liability (continued)

Changes in the fair value of scheme assets

	2022	2021
	£000	£000
Opening fair value of scheme assets	**70,715**	52,528
Interest on plan assets	**1,445**	1,252
Remeasurements	**(266)**	17,644
Administration expenses	**(13)**	(13)
Contributions by employer	**720**	659
Contributions by scheme participants	**214**	209
Estimated benefits paid (net of transfers in)	**(1,393)**	(1,584)
Closing fair value of scheme assets	**71,422**	70,715

Changes in the present value of the defined benefit pension liability

	2022	2021
	£000	£000
Opening defined benefit liability	**(73,639)**	(63,325)
Current service cost	**(1,283)**	(959)
Interest cost	**(1,498)**	(1,504)
Effect of curtailments	**(38)**	(3)
Actuarial gains/(losses)	**2,806**	12,732
Past service costs (gain)	**-**	-
Experience gains	**(191)**	3,509
Estimated benefits paid (net of transfers in)	**1,393**	1,584
Members contributions	**(214)**	(209)
Closing defined benefit liability	**(72,664)**	(73,639)

Movement in (deficit)/surplus during the year

	2022	2021
	£000	£000
Share of deficit in scheme at beginning of the year	**(2,924)**	(10,797)
Movement in year:		
Current service cost	**(1,283)**	(959)
Administrative expense	**(13)**	(13)
Contributions	**720**	659
Net interest cost	**(53)**	(252)
Effect of curtailments	**(38)**	(3)
Experience gains	**(191)**	3,509
Actuarial (losses)/gains	**2,540**	4,932
Share of deficit in scheme at end of the year	**(1,242)**	(2,924)

Notes to the Financial Statements (continued)

24 Pension scheme liability (continued)

Amounts recognised in the statement of financial activities

	2022	2022	2021	2021
	£000	£000	£000	£000
Current service costs	**(1,283)**		(959)	
Contributions	**720**		659	
Past service cost	**-**		-	
Curtailments	**(38)**		(3)	
Administrative expense	**(13)**		(13)	
		(614)		(316)
Interest on plan liabilities	**(1,498)**		(1,504)	
Interest on plan assets	**1,445**		1,252	
		(53)		(252)
Total		**(667)**		(568)

5-year history of experience gains and losses

	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Defined benefit obligation	**(72,664)**	(73,639)	(63,325)	(67,821)	(61,156)
Scheme assets	**71,422**	70,715	52,528	54,556	51,174
Deficit	**(1,242)**	(2,924)	(10,797)	(13,265)	(9,982)
Experience adjustments to scheme liabilities	**(2,806)**	12,732	(6,213)	5,383	3,473
Experience adjustments to scheme assets	**(266)**	17,664	(2,555)	2,735	(688)

25 Analysis of changes in net debt

Cash and cash equivalents

	At 1 April 2021	Cash flows	At 31 March 2022
	£000	£000	£000
Cash at bank and in hand	5,655	(1,101)	**4,554**
Deposits – investments	111	456	**567**
Total	5,766	(645)	**5,121**