



Aberlour Child Care Trust

Annual Report and Accounts

Year ended 31 March 2019

Company Number SC312912

Scottish Charity Number SC007991

Aberlour Child Care Trust
For the year ended 31 March 2019

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Aberlour Child Care Trust
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Charity Information

Directors

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

Chief Executive

SallyAnn Kelly

Company Secretary

Ian Black

Charity Number

SC007991

Company Number

SC312912

Registered Office:

36 Park Terrace
Stirling, FK8 2JR
Tel: 01786 450 335
www.aberlour.org.uk

During 2019/20 the charity is relocating to:

Kintail House
Forthside Way
Stirling, FK8 1Qz

Auditor

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

Investment Managers

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

Bankers

The Royal Bank of Scotland plc
2 Pitt Terrace
Stirling, FK8 2EX

Solicitors

MacRoberts LLP
60 York Street
Glasgow
G2 8JX

Kerr Stirling
10 Albert Place
Stirling
FK8 2QL

Aberlour Child Care Trust
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Chair's Report

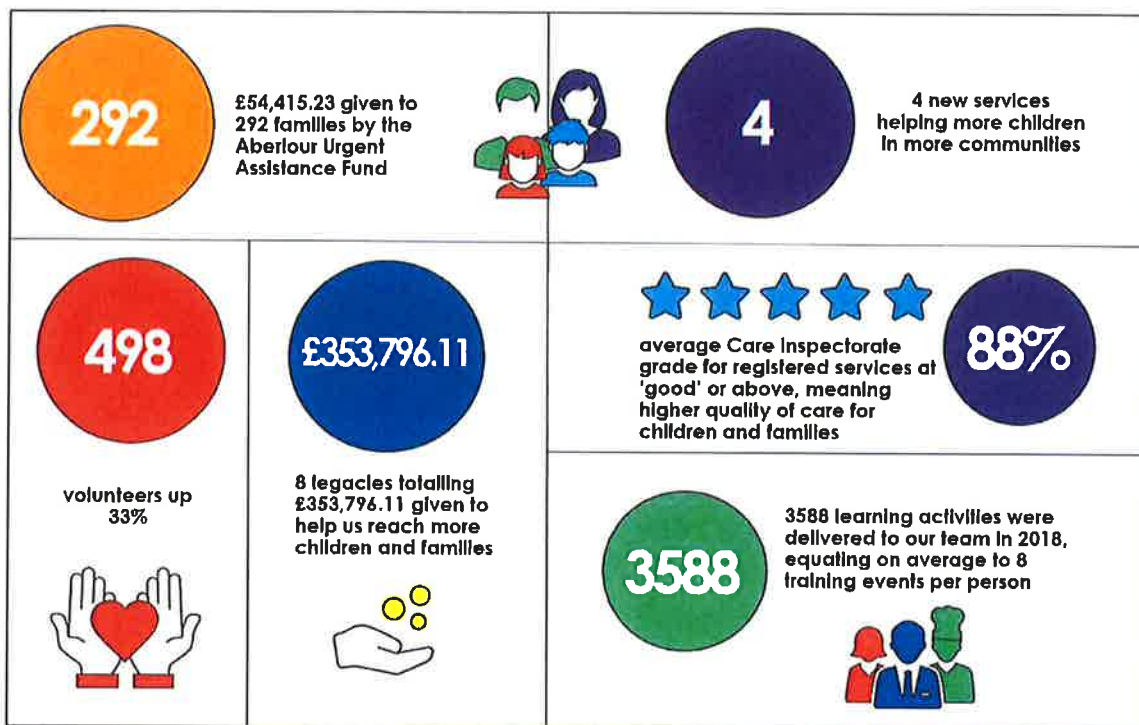
The 2018/19 Annual Accounts demonstrates Aberlour Child Care Trust is developing as a strong and sustainable organisation, despite challenging circumstances.

With a primary purpose of supporting and protecting some of Scotland's most vulnerable children, young people and their families, Aberlour adapts our services to meet the individual needs of those children who face overwhelming obstacles.

Giving children the best possible start in life is at the heart of everything we do. Building on the foundations of "Our Aberlour", our new Strategy for 2018-21 aims to consolidate our role in the lives of children and families, building on our successes and continuing to advocate on their behalf.

This introduction to the Financial Statements provides a largely narrative overview of some notable activities and developments for the organisation. The table below sets out in a graphical format some key achievements this past year:

Aberlour's Achievements 2018-2019



Overview of Aberlour Child Care Trust

The Statement of Financial Activity shows a strong trading position along with a resilient balance sheet, which positions Aberlour well for the challenges we face.

The Board are mindful of the changing regulatory environment through the Duty of Candour and Notifiable Events. Procedures providing early awareness and information to all interested parties. The Board and its committees regularly meet and review the progress towards meeting our strategic objectives. We undertake a regular review of the processes and controls put in place to deal with the content set out in our Corporate Risk Register and we review progress on meeting corporate strategy.

Aberlour Child Care Trust
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Chair's Report (continued)

The investment portfolios held in the Endowment Fund and Urgent Assistance Fund enable Aberlour to operate independently, advocating on behalf of children's rights, free from contractual constraints. These portfolios are of significant value and have been managed effectively by Quilter Cheviot. However, it was felt appropriate to monitor performance in a dedicated and separate forum.

Accordingly, during 2018/19 an Investment Committee was formed, with new Trustees who have an Investment Management background and expertise. This forum now undertakes regular and diligent scrutiny.

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

Once again, we see evidence of the efforts and impact of all at Aberlour, our external networks, our supporters and volunteers', and importantly our funders and fundraisers who have clearly and tangibly improved the lives of many children, young people and families across Scotland in the past year and I am thankful to everyone who has played a part.



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

20 December 2019

Chief Executive's Report

Our new 2018-2021 Strategy "The Clock is Ticking" is designed to achieve organisational growth; increasing turnover and financial worth of Aberlour. During the year we have made a number of steps forward in strengthening Services and the organisation's governance.

CHARITY GOVERNANCE

In recognition of gaps and failings of the functionality of our management information and reporting, a comprehensive implementation and roll-out of MS Dynamics was concluded. This was a complex undertaking, and it was particularly satisfying that the project was concluded on-time and on-budget despite the challenging targets that were set. The whole organisation rose to this challenge and the system is now fully operational and embedded. With satisfaction, I can now accurately and definitively demonstrate the difference Aberlour makes to our children and young people.

Dynamics is an important precursor to a new digital approach across the organisation. Digital is a tool of the future and in recognition of this the Senior Leadership Team has been augmented by a new directorate for IT and digital that will position Aberlour to exploit future opportunities.

The new General Data Protection Regulations came into effect on 25th May 2018 and significant work has been applied to reviewing arrangements to ensure we met the new standards. An independent expert was commissioned to support us in this and reports from their reviews have been encouraging.

Aberlour is a risk-aware organisation. We operate within a dynamic environment with regular reviews and updates to our corporate risk register. These risks are exacerbated by the uncertainties around Brexit, but the situation is closely monitored.

The infographic (Chair's report) shows the growing contribution made by our volunteers. The generosity of these supporters adds much to the ability of Aberlour to enrich the lives of the children and families we support, none more so than in our perinatal befriending services.

External scrutiny independently reviews operational arrangements and we value and implement valid suggestions for improvement. We work closely with the Care Inspectorate to understand perceptions within reports and to implement actions that strengthen our services. Scoring by the Care Inspectorate remains high when compared to others within our sector and we strive to achieve betterment towards achieving excellence.

OPERATIONAL ACTIVITY

Analysis of future Services and sustainability was undertaken in a financial planning assessment report, demonstrating the importance of achieving continual organisational growth. It is encouraging to see realisation of our business development team's ambitions and it is encouraging that they have a promising development pipe-line of future growth prospects. Business expansion and successes in achieving organisational growth were made and we see evidence of our Sustain model gaining traction and achieving real successes across Scotland.

Recent tender successes and funding awards have been achieved in the new areas of East Lothian and Renfrewshire and we have concluded our "Strengthening Sycamore Review", ensuring those long-standing services are well positioned for the changing childcare environment.

Chief Executive's Report (continued)

After many years of funding challenges in Glasgow, stronger relationships that have been formed allow us to look forward with more confidence to our prospects in the city. Aberlour would never have withdrawn from the city, Scotland's most deprived conurbation, but in recent years it has been difficult to gain a sustainable foot-hold. However, mindful of our cost-base in Glasgow, a range of efficiencies have been released following the relocation of our regional office to Southside House.

New developments are being progressed in Fife and Scottish Borders with housing association partners, both of which offer positive prospects for the future. Childcare is an ever-evolving profession and it is institutionally ingrained within Aberlour to analyse and distil any research on the subject and if appropriate to introduce this to our practice.

Specific developments exist in Fife and Scottish Borders and we aim to fully exploit these opportunities to extend our reach and operational activity. Following approval from OSCR, grant awards from the Aberlour Urgent Assistance Fund can be made from capital growth in addition to dividend yield. This total return approach ensures the purposes of the donation from the St. Clair Trust are met, while augmenting the support that can be offered.


We seek to adopt an effective property asset management plan and will sell and relocate our Stirling head office and have sold surplus property in Annan. This will allow us to focus investment in the optimum manner.

EMPLOYEE RESOURCES

As an organisation centred on improving the lives of young people and families, we fully recognise the value our staff represent. Our attainment and retention of Investors in People is an external verification of that, and our annual staff conference and awards ceremony is becoming a fixture within the organisation; celebrating our successes and the enormous contribution of colleagues.

With a high-level strategy to develop all our staff, we take a pragmatic approach to learning and Development, tailoring programs founded in our principles of personalisation to ensure all staff have the requisite skills and knowledge.

The second gender pay gap report was produced, showing little movement from the previous year. Gender equality is a key consideration within Aberlour and all our policies and practice promote equal opportunities. As an organisation we value diversity, as demonstrated by our active pride network.



During a year with some adverse press coverage, Aberlour gave evidence to the historic abuse inquiry. At times, harrowing stories from former orphanage residents (now elderly adults) recount the harsher conditions faced in times gone-by and serve to remind us of the importance of loving and properly nurturing young people. At our staff conference it was heartening to hear the powerful story of Professor David Devine, a former orphanage child, who rose from a difficult childhood to reach pre-eminence in his profession. The Professor experienced and remembered a loving time in the care of Aberlour. Nevertheless, events occurred in the past that are a departure from our organisational ethos and values, then and now, and for those the organisation continues to express regret and apology.

Although we look forward to the future we acknowledge our heritage with the Episcopalian Church and have re-established a link to the church hierarchy.

The level of the deficit for the defined benefits pension scheme remains a significant liability. Accordingly, in a demonstration of good governance a strategy to engage with North-East Scotland Pension Fund was agreed which will provide a strategy going forward.

**Aberlour Child Care Trust
For the year ended 31 March 2019**

Chief Executive's Report (continued)

FUNDRAISING & MARKETING

Our fundraising strategy has been reviewed and assessed and it is felt that we would achieve better levels of unrestricted donations and more resonant brand awareness by undertaking a donor acquisition programme. This progressed during 2018 in partnership with Home Fundraising in a manner consistent with all fundraising standards, concluding in the autumn of 2018. The pattern of recent years for significant legacies being left for the benefit of Aberlour in its furtherance of childcare was repeated in 2018/19. These resources are gratefully received and we are mindful of the generosity of benefactors and apply the resources carefully.

SallyAnn Kelly
Chief Executive

20 December 2019

Aberlour Child Care Trust

For the year ended 31 March 2019

Directors' Report

The Directors present their report and financial statements for the year ended 31 March 2019. These have been prepared in accordance with UK Generally Accepted Accounting Practice, the requirements of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Companies Act 2006 and the Charities SORP (FRS102).

Structure, Governance and Management

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

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

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

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

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

The Board

The Directors who held office since 1 April 2018 are listed on page 1.

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

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

Overview

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

Aberlour Child Care Trust
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Directors' 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. The earnings in 2018/19 totalled £44k (2017/18 - £48k), of which £54k (2017/18 - £47k) was paid to beneficiaries across Scotland. These monies support families in crisis situations and are often essential to maintaining stability within family units. Any earnings that were unspent in one year are carried forward as Restricted Funds for application in the following year. In 2018 OSCR approved an application to utilise capital growth to augment payments from AUAF. This effected an 15% increase in total payments to beneficiaries across Scotland.

Monies received from bequests and legacies totalled £354k (2017/18 - £532k) which has improved unrestricted funds. With ongoing public sector funding restrictions, in some areas income for the year would have been insufficient to meet expenditure, so with commissioner's agreement, Aberlour applied accumulated restricted reserves in several services.

We continue to adapt organisational structures to meet future challenges, focussing on building a more efficient and sustainable future. We are constantly reviewing our cost base and have sold assets that are no longer operational and co-located services and regional offices. The pending sale of our head office in Stirling is an exciting development and both offers more development potential and opportunities for cost efficiencies.

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

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

Vision and Services

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

We have delivered and invested in:

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

Directors' 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;
- A guardianship service, which supports young unaccompanied asylum seekers;
- Support for mothers in prison with their babies or young children;
- Innovative support networks for women affected by poor mental health in perinatal stages; and,
- Training and education for childcare professionals to build and sustain a competent and confident workforce.

ACHIEVEMENTS AND PERFORMANCE

Investing in our Services

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

- We invest in development, quality assurance and maintenance programmes for our services, which we recognise as being home for the children and young people in our care;
- Our long-standing residential care provision in Fife and the Highlands for young people who have suffered trauma remain a main stay;
- During the year we prepared for introducing an organisation-wide asset management strategy that will ensure our organisational infrastructure remains fit for purpose and robust;
- We develop and promote our perinatal mental health service supporting women, children and their families with an innovative befriending model, and launched a new service in East Lothian during 2018/19. Independent research by Stirling University affirms the positive impact derived from this service and we aim to roll this out nationally, supported by NHS boards;

Investing in our People

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

A separate IIP evaluation of our employment support arrangements for our younger employees has been determined to provide excellent practices in this subset as our award of a silver level of accreditation in the Investors in Young People assessment. Building on this, we will implement a number of improvements in coming years.

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

Our annual one-day Staff Conference is a forum for staff consultation, celebrating successes in the contribution of our staff in the lives of the children, young people and families we support, but also considers developments in childcare and events that will shape childcare policy going forward. The day is shared with staff, young people, board members, invited guests – and the outside world through various social media channels. The event is valuable at many levels and is now an annual fixture, with the 2018 event hearing the inspirational story from Professor David Devine, a former resident of Aberlour's orphanage.

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

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Directors' Report (continued)

KEY PERFORMANCE INDICATORS

We had 21 registered services in 2018/19, which continue to perform well in inspections. Our average of grade of 4.50 (2017/18 4.53) (4 is good) demonstrates the importance placed on high-quality service provision.

We work to meet all the obligations that care and workforce regulations require and have a learning and development plan that maintains this.

Residential care remains a mainstay of Aberlour's operations and a relatively fixed cost. We monitor this closely and our occupancy rate in 2018/19 was 93% compared to 89.0% in 2017/18 due to the conclusion of our "Strengthening Sycamore" programme.

Staff absence rate was 4.58% in 2018/19 compared to 4.27% for 2017/18, rates which are comparable within the childcare sector.

Turnover was 28.14% in 2018/19, compared to 23.39% in 2017/18, with 21.66% leaving the organisation voluntarily. Turnover rates are reviewed closely as this has implications across the organisation from management time involved in recruitment and induction, and human resource processes and learning and development. This remains an area of management focus as we aim to reduce turnover.

Aberlour annually conduct gender pay gap reporting and we reported a 7% mean pay gap and a 0% median pay gap. As per legal requirements the report has been published in full on our website and we are reviewing ways to reduce our pay gap further.

REMUNERATION POLICY & EMPLOYEES

Aberlour pays no less than the Living Wage to all staff and are committed to maintaining this policy. Organisationally, it was with pride that we were awarded membership of the Living Wage Foundation. There is an agreed job evaluation scheme against which all jobs are evaluated. This scheme includes all posts within the organisation, including promoted posts. Any changes to remuneration for employees out with the cost of living arrangements which are recognised in an annual pay award, must be assessed and justified using the job evaluation scheme and the associated pay scales.

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

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

FINANCIAL REVIEW OF 2018/19

Income from charitable activities for the year was £15,865k compared to £15,467k in 2017/18. Voluntary income, including donations, legacies and other income for the year was £1,751k compared with £2,504k for the previous year and efforts will continue to grow this income stream to maximise the services provided.

Total expenditure for the year was £18,602k compared with £18,565k in 2017/18. The charity recorded an 'operating' surplus of £50k (2017/18 - £553k) as reflected in the statement of financial activities (after adjusting for the pension fund expenditure movement).

Directors' Report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have assessed the major risks to which the Trust is exposed, in particular those related to the operations, reputation and financing of the Trust, and are satisfied that systems are in place to mitigate their exposure to the major risks. A comprehensive corporate risk register is maintained with regular reviews undertaken to ensure the key risks are identified and the mitigation measures are effective. The most significant risks and mitigation are detailed below:

Identified Risk – Local authority spending restrictions lead to reduction in value of work commissioned nationally from Aberlour, risking financial sustainability

- Service viability is assessed; service redesign and recovery plan options are considered; stand-alone services will be considered and set-up; relationships with local authorities are aimed to be enhanced.

Identified Risk – Organisational Sustainability is at risk if Fundraising targets are not met.

- Targets are closely monitored and performance is subject to close scrutiny
- A new Donor Acquisition Program is being launched in 2019

Identified Risk – Staff recruitment and retention is challenging in an environment of low unemployment

- Various initiatives are being launched to address issues fed-back through staff consultations
- Remuneration and terms of employment will be improved as much as is affordable

Identified Risk – Participation in the Historic Abuse Inquiry could lead to adverse media coverage and reputational damage

- Close and ongoing liaison with Media support partners

FUTURE DEVELOPMENTS

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

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

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

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

In relation to growing and delivering services outside Scotland, we have been included in a framework agreement for the North-East of England. This is an exciting new venture for Aberlour, with the prospect for a number of business opportunities with great potential.

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

Aberlour Child Care Trust
For the year ended 31 March 2019

Directors' Report (continued)

PENSIONS

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

Our investments held in NESPF increased their value in 2018/19, rising from £51.2m to £54.6m. This was accompanied by an increase in the value of defined benefit liabilities from £61.1m to £67.8m which can be attributed to the change in the main assumption used in the actuarial calculations. Accordingly, net liabilities increased from £10.0m in 2017/18 to £13.3m in 2018/19.

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

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

Aberlour has closed access to NESPF for new employees, with a qualifying period for membership in place for staff who joined before November 2015. However, a defined contribution scheme (provided by Scottish Widows) is available for employees. Aberlour also provides defined contribution arrangements for employees affected by auto-enrolment. This is provided by the UK Government-backed NEST scheme during 2018/19.

FINANCIAL RESERVES

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

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

Unrestricted funds of £3,701k (2017/18 - £2,991k) of which free reserves are £2,419k (2017/18 - £1,688k) (being unrestricted funds less tangible fixed assets) which represents 3.6 (2017/18 - 2.5) months of unrestricted expenditure.

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

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

INVESTMENTS

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

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Directors' Report (continued)

Given the significance of our investment portfolios, a decision was taken to set up a separate Investment Committee containing newly appointed trustees who have investment sector experience. This allows deeper scrutiny and strengthens our governance arrangements.

During a volatile year, various events caused concern and uncertainty on stock market investments (e.g. Brexit, sluggish global growth, international trade etc.) but performance of the endowment fund portfolio ended extremely positively. The value at 31 March 2019 was £9,761k from £9,421k in 2017/18. Similar movement was achieved for the Aberlour Urgent Assistance Fund portfolio (value at 31 March 2019 £1,494k from £1,375k in 2017/18). Movements in investments in total are set out in Note 15.

Income from the main portfolio and interest earned during the year was £293k compared with £310k in 2017/18. The former St. Clair's portfolio generated £44k compared with £48k in 2017/18 which was restricted to be fully applied to the Aberlour Urgent Assistance Fund. During the year OSCR approved a change to the method of distribution of AUAF, to include capital growth alongside dividend earnings, and during 2018/19 £40k of capital growth was distributed. The investment managers are clear about the targets set for them and are focussed on their achievement.

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

GOING CONCERN

The Board of Directors is of the opinion that the company can continue to meet its obligations, as they fall due, for the foreseeable future. Consequently, the financial statements have been prepared on the going concern basis.

DIRECTOR'S RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report, Strategic report and the financial statements in accordance with applicable law and regulations.

Charity law and company law requires the directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law and company law the Directors' must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

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

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For the year ended 31 March 2019

Directors' Report (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

- a) So far as the Director is aware, there is no relevant information of which the charitable company's auditor is unaware; and
- b) He/she has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

APPOINTMENT OF AUDITOR

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

APPROVAL

In approving the Directors' Report, the Directors are also approving the Strategic Report in their capacity as company Directors. The report was approved by the Directors on 20 December 2019 and signed on its behalf by:



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

Aberlour Child Care Trust
For the year ended 31 March 2019

Independent Auditor's Report to the Directors and Members of Aberlour Child Care Trust for the year ended 31 March 2019

Opinion

We have audited the financial statements of Aberlour Child Care Trust ("the charitable company") for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions related to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Directors and Members of Aberlour Child Care Trust for the year ended 31 March 2019 continued

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report, which includes the strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report included within the directors report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatement in the strategic report or the director's report.

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

- proper and adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Aberlour Child Care Trust
For the year ended 31 March 2019

Independent Auditor's Report to the Directors and Members of Aberlour Child Care Trust for the year ended 31 March 2018 continued

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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



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

20 December 2019

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

Aberlour Child Care Trust
For the year ended 31 March 2019

Statement of Financial Activities (incorporating income & expenditure account)

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

All results relate to continuing activities. There were no recognised gains and losses during the year other than as shown above. The notes on pages 21 to 36 form part of these financial statements.

Aberlour Child Care Trust
For the year ended 31 March 2019

Balance Sheet
as at 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Fixed assets			
Tangible assets	13	7,279	7,707
Investments	14	11,255	10,796
		<u>18,534</u>	<u>18,503</u>
Current assets			
Debtors	15	1,736	1,084
Cash at bank and in hand		3,461	3,507
		<u>5,197</u>	<u>4,591</u>
Liabilities			
Creditors: amounts falling due within one year	16	(1,191)	(1,095)
Net current assets		<u>4,006</u>	<u>3,496</u>
Total assets less current liabilities			
Provisions for liabilities and charges	17	(217)	(247)
Net assets, excluding pension liability		<u>22,323</u>	<u>21,752</u>
Pension scheme liability	24	(13,265)	(9,982)
Net assets		<u>9,058</u>	<u>11,770</u>
Charity funds			
Endowment Fund	21	14,528	14,378
Restricted income funds	21	3,843	3,837
Unrestricted funds	21	3,952	3,537
Pension reserve	21	(13,265)	(9,982)
Total charity funds	21, 22	<u>9,058</u>	<u>11,770</u>

The financial statements were approved and authorised for issue by the Directors on 20 December 2019

Valerie Surgenor, LL.M, LL.B, BA (Hons), DipLP, NP
 Chair



Company Registration Number: SC312912

The notes on pages 21 to 36 form part of these financial statements

Aberlour Child Care Trust
For the year ended 31 March 2019

Cash Flow Statement

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

	2019	2018
	£000	£000
Net income as per SOFA	(28)	10
Adjustments for:		
Gains on investments	(556)	(182)
Loss on sale of fixed assets	70	-
Adjustment to pension costs	635	725
Depreciation charges	332	202
(Increase)/decrease in debtors	(652)	213
Increase/(decrease) in creditors	96	(259)
Interest and dividends	(337)	(358)
Release of provisions	(30)	-
Net cash from operating activities	<u>(470)</u>	<u>351</u>
Cash flows from investing activities		
Dividends from investments	337	358
Purchase of tangible fixed assets	(97)	(520)
Proceeds of sale of tangible fixed assets	87	-
Purchase of investments	(3,514)	(3,095)
Proceeds of sale of investments	3,195	3,422
Purchase of fixed term deposits	(886)	(302)
Net cash from investing activities	<u>(878)</u>	<u>(137)</u>
Change in cash and cash equivalents	<u>(1,348)</u>	<u>214</u>
Cash and cash equivalents at the beginning of the reporting period	<u>3,390</u>	<u>3,176</u>
Cash and cash equivalents at the end of the reporting period	<u>2,042</u>	<u>3,390</u>
Analysis of cash and cash equivalents		
Cash at bank and in hand	1,957	2,889
Deposits – investments (note 14)	85	501
	<u>2,042</u>	<u>3,390</u>
Reconciliation to cash per balance sheet		
Cash at bank and in hand	1,957	2,889
Fixed term deposits – access greater than 3 months	1,504	618
Cash per balance sheet	<u>3,461</u>	<u>3,507</u>

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements

1 General information

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

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), 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 have prepared a three year forecast from the balance sheet date. The Board of Directors is of the opinion that the company can continue to meet its obligations, as they fall due, for the foreseeable future. The charity has accumulated unrestricted funds of £3,952k at 31 March 2019 (£3,537k at 31 March 2018). The charity has cash flows for at least 12 months from the date of sign off of these financial statements that show that the charity has the necessary funding and reserves to meet all future obligations as they fall due.

Consequently, the financial statements have been prepared on the 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.

Aberlour Child Care Trust
For the year ended 31 March 2019

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:

Freehold 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 they relate.

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 charity is entitled to receipt.

Aberlour Child Care Trust
For the year ended 31 March 2019

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

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

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

Designated funds have been reserved for specific purposes. Unrestricted funds are balances carried forward towards future expenditure and to meet working capital requirements.

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 18.

Aberlour Child Care Trust
For the year ended 31 March 2019

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.

Donations in kind

Donations in kind 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.

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

4 Income from charitable activities

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

In 2018 income from charitable activities generated unrestricted & designated funds of £7,339k restricted funds of £8,128k and endowment funds of £Nil.

Included in Local Authority and Government Income is income from the Scottish Government comprising £72k (2018 - £19k) for South Ayrshire Family Support service, £50k (2018 - £40k) for Volunteering Service and £14k (2018 - £Nil) for a Family Support service through Aspiring Communities and £46k (2018 - £Nil) in relation to a contribution to business development.

5 Donations and legacies

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

In 2018 donations and legacies generated unrestricted & designated funds of £1,132k, restricted funds of £1,281k and endowment funds of £Nil.

Big Lottery Fund income comprised £78k for our Perinatal Service in East Lothian, £74k for South Ayrshire Family Support Service, £32k for Glasgow Bridges Partnership, £30k for our Lifeworks Service in Fife. Also included here is £9k from the Scottish Children's Lottery.

6 Income from other trading activities

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

In 2018 income from other trading activities generated unrestricted & designated funds of £30k, restricted funds of £34k and endowment funds of £Nil.

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

7 Investment income

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

In 2018 Investment income generated unrestricted & designated funds of £310k, restricted funds of £48k and endowment funds of £Nil.

8 Other income

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

In 2018 other incoming resources generated unrestricted & designated funds of £13Kk restricted funds of £78k and endowment funds of £Nil.

9 Expenditure on charitable activities

	Activities undertaken directly	Support costs	Total 2019	Total 2018
	£000	£000	£000	£000
Children and families affected by disability	5,197	280	5,477	5,195
Children and families affected by drugs and alcohol	164	9	173	155
Early years	1,968	106	2,074	2,204
Early intervention and prevention	9,627	511	10,138	10,416
Losses on sale of fixed assets	70	-	70	-
	17,026	906	17,932	17,970

In 2018 expenditure on charitable activities utilised unrestricted & designated funds of £7,294k, restricted funds of £9,833k, endowment funds of £118k and a pension fund charge of £725k.

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

9 Expenditure on charitable activities (continued)

The support costs can be analysed as follows:

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

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

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

10 Expenditure on raising funds

	Total 2019	Total 2018
	£000	£000
Donations and legacies	409	330
Fundraising events and sponsorship	201	190
Investment manager's fees	60	75
	670	595

In 2018 expenditure on costs of generating funds utilised unrestricted & designated funds of £585k, restricted funds of £10k, endowment funds of £Nil and pension funds of £Nil.

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

11 Transfers between funds

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

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

12 Staff costs

	Total 2019	Total 2018
	£000	£000
Salaries	11,209	11,115
Social security costs	908	903
Employer's pension costs	871	892
Pension scheme net debit recognised (Note 24)	374	413
Redundancy, settlement and ex-gratia payments	64	35
	13,426	13,358

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

Included in salaries are redundancy payments of £58,513 (2018: £22,938). There was one settlement payment made during this period totalling £5,000 (2018 - £11,812).

Four Directors were reimbursed for travel costs totalling £520 for the year (2018: £1,510 reimbursed to four Directors).

Number of employees who received remuneration exceeding £60,000:	2019	2018
Between £60,000 and £70,000	3	3
Between £80,001 and £90,000	1	1

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

Valerie Surgenor, a member of the Board, is a partner in MacRoberts LLP. Aberlour engaged MacRoberts LLP during the year to provide legal advice costing £6,449 (2018: £14,340). After an open selection process, MacRoberts LLP were also paid for a seconded staff member to look specifically at gathering evidence in relation to the Historic Abuse Inquiry costing £7,891 (2018: £22,244).

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

12 Staff costs (continued)

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. The total remuneration of the Senior Leadership Team for the period was £471K (2018: £398K). The terms and conditions relating to this group of employees is consistent to the wider workforce.

	2019	2018
	Number	Number
Average number of FTE employees during the year		
Operational	244	244
Administrative & support	62	61
Management	74	70
	<u>382</u>	<u>376</u>

12 Audit and accountancy fees

	2019	2018
	£000	£000
Audit services	21	19
	<u>21</u>	<u>19</u>

13 Tangible fixed assets

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

Included in land and buildings is land of £1,583k (2018 - £1,613k) which is not depreciated. Both land and buildings were revalued at 28 March 2017 by an independent valuer, DM Hall Chartered Surveyors on an open market basis for existing use. Land and buildings at historic cost had a cost of £5,861k (2018 - £5,953k) accumulated depreciation of £881k (2018 - £787k) and net book value of £4,980k (2018 - £5,166k) at 31 March 2019.

Properties in Dumfries, Stranraer and Annan were impaired by £158k as at 31 March 2019 (2018 - £Nil), split £36k of reversal of previous revaluations and £122k of accelerated depreciation. These impairments were as a result of the market values of these properties being lower than their carrying value as at 31 March 2019.

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

14 Investments

	2019	2018
	£000	£000
Quoted investments:		
Market value at 1 April	10,295	10,440
Acquisitions at cost	3,514	3,095
Disposals	(3,155)	(3,195)
Unrealised gains/(losses)	516	(45)
Market value at 31 March	<u>11,170</u>	<u>10,295</u>
Historical cost at 31 March	9,727	9,255
Accumulated unrealised gains	1,443	1,040
Market value at 31 March	<u>11,170</u>	<u>10,295</u>
United Kingdom	4,987	4,927
Overseas	6,183	5,368
Cash held for reinvestment	85	501
Market value at 31 March	<u>11,255</u>	<u>10,796</u>
Government stocks	920	1,006
Equities and other investments	10,250	9,289
Cash held for reinvestment	85	501
Market value at 31 March	<u>11,255</u>	<u>10,796</u>

15 Debtors

	2019	2018
	£000	£000
Grants and fees	1,101	854
Taxation recoverable	2	4
Other debtors	97	46
Accrued income	536	180
	<u>1,736</u>	<u>1,084</u>

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

16 Creditors

	2019	2018
	£000	£000
Amounts falling due within one year:		
Trade creditors	103	120
Funding agencies - deferred income	589	452
Other creditors	153	187
Other taxation and social security	237	231
Pension creditor	109	105
	<u>1,191</u>	<u>1,095</u>
Deferred income		
Opening balance: Funding received in advance	452	499
Released in the period	(452)	(499)
Deferred during the period	589	452
Closing balance: Funding received in advance	<u>589</u>	<u>452</u>

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.

17 Provisions for liabilities

	2019	2018
	£000	£000
Property dilapidation costs:		
At 1 April 2018	247	247
Increase in provisions during year	37	-
Released to the Statement of Financial Activities	(67)	-
At 31 March 2019	<u>217</u>	<u>247</u>

18 Financial instruments

	2019	2018
	£000	£000
Financial assets:		
Financial assets measured at fair value	11,255	10,295
Financial assets measured at amortised cost	5,195	5,088
	<u>16,450</u>	<u>15,382</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>265</u>	<u>514</u>

Financial assets measured at fair value are listed investments (note 14).

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.

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

19 Operating lease commitments

	2019 £000	2019 £000	2018 £000	2018 £000
	Land & buildings	Other	Land & buildings	Other
Amounts payable under non-cancellable operating leases:				
Within one year	179	53	197	53
In two to five years	181	9	137	106
Total obligations	360	62	334	159

Operating lease rentals charged as an expense during the year totalled £269k (2018 – £245k).

20 Rental income under operating leases

At 31 March 2019 the charity had future minimum lease income under non-cancellable operating leases as follows:

	2019 £000	2018 £000
	Buildings	Buildings
within one year	26	43
In two to five years	-	18
	26	61

21 Analysis of net assets between funds

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

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

31 March 2018	Investments £000	Tangible fixed assets £000	Net current assets £000	Provisions £000	Pension fund deficit £000	Total £000
Endowment fund	9,421	5,555	(598)	-	-	14,378
Restricted funds	-	127	1,481	-	-	1,608
Restricted fund – AUAF	1,375	-	132	-	-	1,507
Restricted fixed asset reserve	-	722	-	-	-	722
Designated	-	-	546	-	-	546
Unrestricted funds	-	1,303	1,937	(247)	-	2,991
Pension Reserve	-	-	-	-	(9,982)	(9,982)
	10,796	7,707	3,496	(247)	(9,982)	11,770

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

22 Analysis of charitable funds

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

23 Post balance sheet events

There were no significant events affecting the financial statements after the year end.

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 £109k (2018: £105k) were outstanding at the year end.

Summary of actuarial assumptions used

The valuation used for FRS 102, section 28 disclosures has been based on the most recent actuarial valuation at 31 March 2017 and updated by a qualified actuary, John A Livesey of Mercer Limited, to take account of the requirements of FRS 102, section 28 in order to assess the assets and liabilities of the scheme at 31 March 2019.

The main assumptions used in the actuarial calculations are:

	31 March 2019	31 March 2018
Rate of salary increases (% per annum)	3.5%	2.2%
Rate of pension increase (% per annum)	2.4%	2.2%
Discount rate (% per annum)	2.6%	2.7%
Inflation rate (% per annum)	2.4%	2.2%

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

24 Pension scheme liability (continued)

Demographic/statistical assumptions

The demographic assumptions adopted are consistent with those used for the formal funding valuation as at 31 March 2019. The post retirement mortality tables adopted were the PA92 series projected to calendar year 2019 for current pensioners and 2020 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:

		<u>2019</u>	<u>2018</u>
Retiring 31 March 2018	Males	22.9	22.7
	Females	25.0	24.9
Retiring in 20 years	Males	25.8	25.6
	Females	28.1	27.9

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.

	2019	2018
	£000	£000
Fair value of scheme assets	54,556	51,174
Present value of funded obligations	(67,821)	(61,156)
Net liability in the balance sheet	<u>(13,265)</u>	<u>(9,982)</u>

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

24 Pension scheme liability (continued)

Changes in the fair value of scheme assets

	2019	2018
	£000	£000
Opening fair value of scheme assets	51,174	51,013
Interest on plan assets	1,372	1,421
Remeasurements	2,735	(688)
Administration expenses	(12)	(12)
Contributions by employer	606	726
Contributions by scheme participants	180	182
Estimated benefits paid (net of transfers in)	(1,499)	(1,468)
Closing fair value of scheme assets	<u>54,556</u>	<u>51,174</u>

Changes in the present value of the defined benefit pension liability

	2019	2018
	£000	£000
Opening defined benefit liability	(61,156)	(62,525)
Current service cost	(959)	(964)
Interest cost	(1,633)	(1,733)
Effect of curtailments	(9)	(163)
Actuarial gains/(losses)	(5,383)	(530)
Experience gains	-	3,473
Estimated benefits paid (net of transfers in)	1,499	1,468
Members contributions	(180)	(182)
Closing defined benefit liability.	<u>(67,821)</u>	<u>(61,156)</u>

Movement in (deficit)/surplus during the year

	2019	2018
	£000	£000
Share of deficit in scheme at beginning of the year	(9,982)	(11,512)
Movement in year:		
Current service cost	(959)	(964)
Administrative expense	(12)	(12)
Contributions	606	726
Net interest cost	(261)	(312)
Effect of curtailments	(9)	(163)
Experience gains	-	3,473
Actuarial losses	(2,648)	(1,218)
Share of deficit in scheme at end of the year	<u>(13,265)</u>	<u>(9,982)</u>

Aberlour Child Care Trust
For the year ended 31 March 2019

Notes to the Financial Statements (continued)

24 Pensions (continued)

Amounts recognised in the statement of financial activities

	2019	2019	2018	2018
	£000	£000	£000	£000
Current service costs	(959)		(964)	
Contributions	606		726	
Curtailments	(9)		(163)	
Administrative expense	(12)		(12)	
		(374)		(413)
Interest on plan liabilities	(1,633)		(1,733)	
Interest on plan assets	1,372		1,421	
		(261)		(312)
Total		(635)		(725)

5 year history of experience gains and losses

	2019	2018	2017	2016	2015
	£000	£000	£000	£000	£000
Defined benefit obligation	(67,821)	(61,156)	(62,525)	(49,914)	(51,106)
Scheme assets	54,556	51,174	51,013	42,419	41,508
Deficit	(13,265)	(9,982)	(11,512)	(7,495)	(9,598)
Experience adjustments to scheme liabilities	-	3,473	-	-	637
Experience adjustments to scheme assets	2,735	(688)	7,477	(539)	1,685