

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

(a company limited by guarantee

and not having a share capital)

Company Number 149069

Charity Number SC022315

Directors' Report and Financial Statements

For the year ended 31 March 2012

Alzheimer Scotland - Action on Dementia
(a company limited by guarantee and not having share capital)

Directors' Report and Financial Statements
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References and administrative details

Alzheimer Scotland - Action on Dementia is the registered name of the organisation. Operationally, the organisation is known as Alzheimer Scotland.

Scottish charity number SC022315 **Company registration number** 149069

Principal and registered office

22 Drumsheugh Gardens
Edinburgh
EH3 7RN

Chief Executive

Henry Simmons

Auditor

PKF (UK) LLP
Citypoint
65 Haymarket Terrace
EDINBURGH
EH12 5H

Solicitor

Russel + Aitken LLP
22-24 Stirling Street
DENNY
FK6 6AZ

Banker

HBoS
20-22 Shandwick Place
EDINBURGH
EH2 4RN

Directors

John Laurie (Convener appointed November 2011)
Noni Cobban (Convener – resigned November 2011)
Ian Bell (Treasurer)
Arlene Chalmers (Secretary appointed November 2011)
Findlay McQuarrie (Vice Convener appointed November 2011)

Neill Anderson
Barbara Barnes
Gillian Boardman
Arlene Chalmers
Margaret Cheyne (resigned February 2012)
Jacqueline Daly (resigned October 2011)
Jim Fry

Christine Ross
Dianne Howieson
Alan Jacques
David McClements
Findlay McQuarrie
Janice Menzies (resigned October 2011)
Lindsay Morrison (resigned September 2011)

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Christine McGregor	Noni Cobban
Judith Grant (resigned April 2012)	Jonathan Shawcross (resigned February 2012)
John Heenan (resigned November 2011)	John Starr
Lynda Hogg	Sandra Ross (resigned February 2012)
Agnes Houston	Caroline Brown
Rose Mary Bowes	Barbara Mitchelmore
Marsha Unze (resigned January 2012)	Kenneth Valentine
Douglas Philips	Patricia Payne (appointed November 2011)
Sheila Hardie (appointed November 2011)	Patricia Laughlin (appointed November 2011)

Structure, governance and management

Alzheimer Scotland is a company limited by guarantee and has obtained permission from the Registrar of Companies to omit the word 'limited' from the company name. Alzheimer Scotland is governed by its Memorandum and Articles of Association and the rules of the organisation.

Directors are elected from the membership for three-year terms of office by the members at the annual general meeting. Council has the power to co-opt up to five members. The officers of the organisation are elected from the Directors by the membership. Alzheimer Scotland has increased its membership to 4,264 (4,112 2010/11) members.

Each year, there is an induction and training session for new and continuing Directors. Each Director receives a Directors' handbook, which is updated annually. Throughout the year, Directors are encouraged to visit services and attend conferences organised by Alzheimer Scotland.

The members elect in general meetings the Council, that is, the Directors. There are three kinds of Council member: individual members (14), regional representatives (8) and corporate representatives (8). Council is responsible for the strategic direction and priorities of the organisation, approving the annual budget and delegating oversight of the day-to-day operation of the organisation to the Executive Committee whose members they elect. The management of the organisation is delegated to the Chief Executive and Executive Directors.

Alzheimer Scotland collaborates with many partner organisations. It has a long standing relationship with the Dementia Services Development Centre at the University of Stirling and has more recently developed new strategic partnerships with Edinburgh University and The University of West of Scotland. It is an active member of Alzheimer's Disease International, Alzheimer Europe, Coalition of Care and Support Providers in Scotland, the Long Term Conditions Alliance Scotland and the Neurological Alliance. These relationships serve a number of purposes, helping to develop ideas in different markets by sharing expertise and to pool resources to provide better services.

The Council appoints an Executive Committee which meets monthly, except in July and when the Council meets, to oversee day-to-day management. The Committee comprises the four office bearers and up to ten members of Council. The members of the Executive Committee during the year ending 31 March 2012 were:

Barbara Barnes	John Laurie
Ian Bell	David McClements
Gillian Boardman	Christine McGregor
Noni Cobban	Findlay McQuarrie
Dianne Howieson	Arlene Chalmers (appointed November 2011)
Alan Jacques	John Starr

The Chief Executive and the other Executive Directors attend Council and Executive Committee meetings.

The Appendix lists the various committees that report to Council and their memberships.

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The Directors have regularly reviewed the most significant financial risks to the organisation. The main areas of concern continue to be the impact of the economic downturn on public sector budgets and potential reductions in funding for our commissioned services and on our fundraised income.

Fortunately, we have benefited from continued donations and support from the Scottish public and our corporate supporters. This combined with the positive relationships we have with our local authority partners who commission many of the services we provide and the good value for money our services represent, has meant that we have managed to protect our essential services and avoid significant reductions. In fact, some of our services have been able to grow their range of individual support, both through increases in services commissioned by local authorities and through individuals directly commissioning their own services. In the current and predicted public sector funding climate, direct commissioning is likely to be the main area of service development in the coming years.

We have been preparing for the challenging financial climate by ensuring that one of the main objectives of our strategic plan is to achieve significant efficiency savings in everything we procure and commission, as well as bearing down on all our non-essential costs. Our aim will be to protect the level, quality and scale of our front line operations by reducing and controlling all other expenditure. The decision to invest our financial resources in low-risk, medium-term interest-bearing bank accounts has helped throughout this time and proven to be the most sensible approach to protect and maintain our assets.

The re-tendering and tendering approaches that some local authority partners are forced to take as a result of local procurement protocols continue to pose a significant threat to our existing services. Some local authorities have developed alternative approaches to re-tendering, including negotiated tenders and service redesign. This has proven to be a very successful way of meeting both our needs and maintaining a consistent and quality service for people with dementia and their families.

Reputational risk continues to be another critical area. We rely on all our staff delivering a high quality of service at all times and, as well as our internal procedures, we have a good external indicator of the success of this in our Care Inspectorate grades, which continue to be very satisfactory. The Directors have in place procedures for review and assessment of the business, compliance and environment risks which may impact upon the activities of Alzheimer Scotland and the achievement of our aims and objectives. These procedures include an annual risk management review, which is discussed and approved at the Finance Audit Committee before being presented to Council. Risk and Governance forms a regular item in the Chief Executive's report to the Executive Committee and Council.

Review and assessment includes:

- Classifying and understanding of the risks to which the organisation is potentially exposed;
- Identification and assessment of actual specific risks and the potential exposure in terms of probability and financial/operational impact;
- Selecting a small number of key risks and agreeing strategies to mitigate and/or obviate each risk.
- Reporting to management and the Council about how those risks are managed, and monitoring of our potential exposure.

Staff

Alzheimer Scotland is committed to the principle of equal opportunities and to creating a working environment in which staff are treated with dignity and respect and that is free from unlawful discrimination, victimisation or harassment on the grounds of colour, race, nationality or ethnic origin, religion, age, sex, marital status, gender reassignment, sexual orientation or disability of any kind. Should an existing employee suffer a disability, it is Alzheimer Scotland's policy to take all reasonable steps to accommodate that disability and to assist the employee to continue their career with the organisation in their existing role where possible or in an alternative position.

Alzheimer Scotland has played a key national role in the development of the new dementia Knowledge and Skills Framework, Promoting Excellence. This creates a four tier platform for assessing skills and developing training needs. All Alzheimer Scotland staff have been assessed against this framework and a training programme established to ensure that, as a minimum, all frontline staff operate at Dementia Skilled level. This

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commitment to training and developing all our staff will enable them to develop their potential and to contribute fully to the success of the organisation. Alzheimer Scotland remains as an accredited Investor in People (IiP) organisation. Staff skills are maintained through a range of development programmes and training to build capabilities in our people through a performance appraisal system, which identifies the necessary training needs.

Our achievements are only possible with the support of the trained and talented people who work for Alzheimer Scotland. Our staff across all our services continue to deliver a high quality of support and commitment to people with dementia, their families and carers. Supporting our frontline staff to do the best job they can remains the central focus of all our managers and support services. We have continued to build on the important role of the Staff Representative Group and, this year, we increased the number of representatives to, on average, two per region. The aim of this group is to ensure that we listen and respond to the views of staff, which is especially important for us, given the dispersed nature of our activities and locations. Our Human Resource Strategy has targeted further improvements in the areas of turnover and staff absence and this has continued to deliver improved results, with contracted staff turnover levels remaining very satisfactory at 13%. Turnover of sessional staff has decreased slightly to 26%, which is acceptable in this type of position. The staff absence figure is 3.7%, a small increase from the previous year (3.6%). We have also invested in a new HR software system that will streamline many of our HR functions and processes and result in good efficiency savings – this will be implemented during 2012.

Objectives and activities

The objectives of Alzheimer Scotland which are included in the Memorandum of Association are:

- i) to promote the welfare of people in Scotland with Alzheimer's disease and other dementias and those who care for them;
- ii) to provide care, support and information for people with dementia and those who care for them;
- iii) to assist, advise and work with other organisations and individuals in their work in relation to dementia and to promote collaboration between them;
- iv) to identify the needs of people with dementia and those who care for them, to establish objectives and policies for meeting those needs, to draw the attention of all concerned to those needs, objectives and policies and to keep under review the extent to which those needs are being met;
- v) to provide, promote and assist in the provision of information, training, education, research and development relating to dementia;
- vi) to encourage and assist in the establishment of local groups and branches of the organisation or other bodies with objects related to the organisation.

These objects can be summarised in four equally important basic aims:

- i) to be the national and local voice of and for people with dementia and their carers in Scotland;
- ii) to improve public policies for the benefit of people with dementia and their carers in Scotland;
- iii) to provide and to secure the provision of high quality services for people with dementia;
- iv) to provide and to secure the provision of high quality services for the carers of people with dementia.

The purpose of all four aims is to improve the quality of life experienced by people with dementia and their carers.

In order to achieve these aims, Alzheimer Scotland seeks public funding for local services. We fundraise in order to be able to campaign, raise awareness, support research, develop innovative approaches to supporting people with dementia and their carers, and fill the gap of funding short-falls. Alzheimer Scotland works closely with people with dementia and their carers to assist them to speak out on behalf of others living with the illness. Partnership working with national and local government and other organisations is also vital.

At 31 March 2012, Alzheimer Scotland had 969 staff (900 2010/11) and 522 (517 2010/11) active volunteers operating in 60 sites throughout Scotland. Alzheimer Scotland's commitment to using volunteers throughout the organisation is a strength because of the wide-ranging experience and knowledge they bring to governance, service provision and fundraising.

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Achievements and performance

Overall, this has been another successful year for the organisation, with substantial progress towards creating a strong and stable platform in our mission of making sure no one goes through dementia on their own. In particular, we have made good progress in terms of our policy work, campaigns, awareness raising, dementia nurses, dementia advisors, research, service provision and fundraising.

Policy and campaigns

Key areas of the National Dementia Strategy have been taken forward during 2011/12, with the publication of the Standards of Care for Dementia in Scotland and Promoting Excellence, the knowledge and skills framework. Alzheimer Scotland was represented on the two working groups which produced these components of the dementia strategy. Our staff also supported members of the Scottish Dementia Working Group to participate in these groups. The Scottish Government accepted our proposal that there should be a guide to the standards of care for dementia in Scotland for people with dementia and their carers. The guide, funded by the Scottish Government, was published in March 2012. The Chief Executive represents Alzheimer Scotland on the National Dementia Strategy implementation and monitoring group. Our ability to gather information about the experiences of people with dementia and their carers through helpline enquiries, our website and our day to day work has helped inform the implementation and monitoring group.

A key policy success for Alzheimer Scotland is the new national commitment to a guaranteed minimum of one year's post-diagnostic support. We were concerned about the lack of progress on post-diagnostic support, one of the two top priorities of the Strategy, and presented our concerns to key government teams and officials, along with a proposed model of how this support could be structured. We also met with the Deputy First Minister, Nicola Sturgeon, who, in March 2012, announced a commitment to provide every person diagnosed with dementia and their families with personalised and flexible support from a named person for a minimum one year period. The support will be based on our Five Pillars model of post-diagnostic support to help people with dementia and their families: understand the illness and manage symptoms; plan for future care; maintain community connections; plan for future decision making; and receive peer support. As part of the commitment, the Scottish Government is supporting test sites in Glasgow, South Ayrshire, Argyll and Bute and East Renfrewshire.

During the year, the organisation submitted responses to important Scottish Government consultation papers. These included responses relating to the Integration of Health and Social Care and the Social Care (Self Directed Support) (Scotland) Bill. Senior managers and policy staff have also represented the organisation on Scottish Government and other steering groups in relation to important areas of policy. These include the self directed support legislative and strategy steering groups, preventative spend steering group and COSLA's community care charging review and national development group for older people's care, which leads on the national care home contract review. Staff also presented oral and written evidence to the Scottish Parliamentary Health and Sport Committee during its scrutiny of the integration of health and social care, self directed support, and the regulation of care enquiry.

Alzheimer Scotland's National Dementia Carers Action Network (NDCAN) was formed during the latter part of 2011. This network met four times between November 2011 and March 2012 and helped to inform our manifesto and campaign for the local government elections in May 2012. The development of this network, alongside the work of the Scottish Dementia Working Group, strengthens our policy work by involving people with dementia and carers of people with dementia and providing them with an opportunity to influence change. During 2012, we will continue to work to further develop and support NDCAN to give carers of people with dementia a voice at national and local level.

Towards the end of the year, we developed our manifesto and campaign for the Scottish local government elections. The key aim of the manifesto was to seek a commitment from candidates to make dementia a priority in the communities where they were standing for election.

Service development

As a result of our successful post-diagnostic campaign, this year saw a significant development in the pattern of our own services towards the provision of post-diagnostic support. Although we were clear that this has to be a mainstream responsibility which could be delivered by a range of health or social care professionals, a number of areas have chosen the approach of an Alzheimer Scotland link worker, usually working within the community

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mental health team, which we have been using in a few locations for some years. Post-diagnostic Change Fund proposals, most of which include link workers, were agreed in Perth and Kinross, Lanarkshire, Argyll and Bute, Highland, Dundee, Stirling and Clackmannanshire, Borders, West Dunbarton, Dumfries and Galloway and Midlothian, with scoping work in Glasgow which was followed by a commitment for two link workers in South Glasgow in the coming year. More proposals are in the pipeline. The work of our pilot project in East Renfrewshire was also continued using the Change Fund.

This year, a number of our services have been affected by retendering, a process which is potentially very distressing for families using the services involved, who have no control over whether their service may be switched to the provider winning the tender. We successfully retained services in Renfrewshire, Fife, Falkirk and Borders but, unfortunately, lost our East Renfrewshire service. However, we were able to work with the local authority and to offer help to some of the families affected to apply for self-directed support, as they wished to continue to use Alzheimer Scotland services.

We were successful in tenders for new work in two areas: a one-year post-diagnostic support project as a subcontract in Inverclyde, and an overnight short breaks service in East Dunbartonshire using a flat in a sheltered housing complex provided by the Council. However, the latter was unable to go ahead, after difficulty in registering the service with the Care Inspectorate due to its innovative nature and the limitations of the premises. As a specialist provider, we continued to tender only for specialist dementia work, and not to bid for generic home care tenders.

Encouragingly, some local authorities are finding more constructive routes to commissioning the best specialist services for their area, including renegotiating existing services, and this process was successfully concluded in one area, retaining our service at a slightly lower volume.

We continue to make the case for individual commissioning of personalised services, which ensures that choice and control sit with the people using services, avoiding the pitfalls of large-scale tendering, and we are continuing to make good progress on personalisation.

Our new Perth and Kinross Dementia Support Team, which offers only individually-commissioned support, began to establish itself. We also established new services in Ayrshire, another area where we have not previously provided this type of support, and in East Renfrewshire where we lost our council-commissioned service. We now have nine areas in which we are actively marketing our self-funded personalised support services, and a group was established to support staff in these developments. We are looking to extend further in the coming year and have business plans for three new areas.

We are leading on the development of self-directed support for people with dementia. At our successful conference on Self-directed Support and Dementia, Michael Matheson, Minister for Public Health, announced three-year funding for our National SDS initiative which takes forward on a national basis the knowledge and experience gained from our SDS pilot in Ayrshire. We also received Scottish Government funding for three part-time regional posts to support people locally to obtain self-directed support.

This personalised approach contributed significantly to an overall growth of 12.5% in our one-to-one support. Block and spot-purchased support grew by 5.6%, while private purchase increased by 86.6% and self-directed support by 41.5%. 15% of the hours we provided were self-purchased, up from 10% last year. The majority of this (12%) continues to be private purchase, with self-directed support growing significantly from a low base. Day care provision remained stable, with a weekly average of 1,039 sessions used (up 1.9%), but a weekly average of 574 people attending, 9% down from last year, means that fewer people attended more sessions each. Changes in regulation and inspection meant that the new body, the Care Inspectorate, carried out fewer inspections than in previous years, and that all inspections were unannounced. Because of the low number, it is difficult to compare with the previous year, but 10 services were inspected; 50% of grades received were 5 (very good) and 10% 6 (excellent), compared with 52% 5's and 25% 6's (for 30 services inspected) the previous year. No grade was below 4 (good).

Another key measure of quality is what people using the service and carers think, and collated customer satisfaction survey responses from 417 people with dementia and 612 carers using 27 of our services were very

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positive indeed. Using a scale similar to the Care Inspectorate, good or above ratings were 95.4% from people with dementia (up from 85%) and 95.6% from carers (up from 86%).

In two areas, we were pleased to work with our local authority partners in radically redesigning our services within the same funding level. In Moray, we will be providing a reablement service which will include post-diagnostic support as well as support at points of change during the journey of dementia, with the exception of the late stage and end of life, where a reablement approach is not appropriate. In East Ayrshire, we will offer a support service for younger people with dementia, community-based support including dementia cafés, singing groups and carers' groups, and post-diagnostic support.

We consolidated our position as a contributing organisation by providing more Dementia Advisors and Dementia Resource Centres in local areas. Our Dementia Advisor programme was completed with the appointment of our 30th Dementia Advisor in March. We now have a Dementia Advisor in almost every local authority area, with the exception of a few where other provision is in place. We are, for the first time, providing a service in Shetland with the new Dementia Advisor, who will work closely with the Alzheimer Scotland Dementia Nurse. The Dementia Advisors took 4,618 referrals, and used a light-touch approach to help people with dementia and their families and carers to access support and to cope with challenges. They had 2,190 individual meetings with people with dementia and/or carers plus 1,764 instances of telephone support and a further 620 of support by email. Alongside support for individuals and families, they have worked creatively within local communities to develop initiatives including dementia cafés, singing groups, reading groups, football reminiscence groups and an allotment, and have worked with organisations from schools to the police. In our first Dementia Advisor customer satisfaction survey of 173 people 95% rated the service as good, very good or excellent.

During the year, we purchased and developed a further four properties as Dementia Resource Centres. Two, in Greenock and Dumfries, will also be the base for day services, while those in Inverness and Kirkcaldy will provide prominent high street locations, as will a new rented shop-front in Bearsden. All the new centres will make it easier for people to access information and support, as well as providing office and meeting space.

On 14 March, the Cabinet Secretary for Health launched the second phase of the Alzheimer Scotland Dementia Nurse Programme. The first phase of the programme saw us provide three year funding for Alzheimer Scotland nurses in Ayrshire and Arran and the Scottish Borders. This funding will, like the initial post in Glasgow and Clyde, come to an end next year and we expect boards to take this forward in their mainstream budgets. The second phase (funded by Alzheimer Scotland and the Scottish Government) has seen new posts put in place in Greater Glasgow and Clyde, Grampian, Lanarkshire, Lothian, Shetland and Western Isles, with appointments in progress in the remaining health boards. Most are at consultant level, which will allow them to wield strategic influence at board level. The nurses are linked into a specifically-designed leadership programme being co-ordinated by NHS Education Scotland.

We have been centrally involved in the delivery of some of the key training initiatives under the Promoting Excellence knowledge and skills framework. With our partners the University of the West of Scotland, we were successful in tendering to design a programme and train Dementia Champions as change agents for acute care, and the first cohort of over 100 champions graduated at a national ceremony in March. The next cohort of 200 champions will still have a focus on acute care but will include some social care staff. We also designed and delivered a palliative care course to 75 palliative care trainers and a post-diagnostic support training programme to 34 multi-disciplinary staff, mostly from the dementia demonstrator sites. In 2012-13, we will deliver these courses to another 75 palliative care trainers and another 60 post-diagnostic support staff.

Our new external training business established itself during the year, delivering 25 courses to 11 customers. We are extending the scope of the business, with new products in more specialist areas, including a very successful module on self-directed support, and the forthcoming new website will improve our reach.

Product design students from Glasgow School of Art carried out a very interesting project for us, taking a fresh look at new services for people with dementia. Among their ideas was a 'dementia dog', and this has been taken forward in partnership with Dogs for the Disabled and Guide Dogs UK. It has attracted development funding from the Scottish Government and was one of five projects UK-wide which received funding from the Design Council's 'Living with dementia' awards.

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We have successfully tested a set of products with people with dementia and their families, through our unique Dementia Circle online group, which involves people in testing and rating products at home. Rated products will be for sale through our new website once this is in place.

The Football Reminiscence Project received two significant boosts. The award of £75,852 from the Postcode Lottery allows us to recruit a development/fundraiser post for one year, with responsibility for rolling out the project and ensuring sustainability, and in North Lanarkshire the Council were successful in obtaining BIG Lottery funding and have asked us to manage the two year project.

Information

The number of visits to our main website increased by 4% to 320,242. Visits to our Charter of Rights website increased by over 60% to 13,502 while the Scottish Dementia Working Group website saw a 2% increase to 5,347 visits. Following a tendering exercise, we commissioned Glasgow-based company tic toc to develop a new website which will give a stronger public face to our range of services and fundraising activities, as well as continuing to provide key information to people directly affected by dementia. We expect to have the new website online later in the year 2012/13.

Circulation of our bimonthly e-newsletter increased by 28% and it is now sent to 11,259 email addresses. We are now inviting delegates at events we attend with information stands to sign up to receive our e-newsletter, extending our reach even further.

In October, we launched our second mobile information vehicle, branded as the Dementia Community Roadshow and funded through our extremely successful Charity of the Year partnership with Alzheimer's Society and Tesco. This new mobile information service will travel around Tesco stores and other locations across Scotland with the aim of reaching at least 10,000 people over the course of the next three years. From October to March, the Roadshow visited 45 different Tesco sites, reaching 1,443 people, many of whom sought a private consultation with their local Dementia Advisor or other trained member of Alzheimer Scotland staff.

We also continued to take our original Memory Bus around the country, including Shetland, not only giving information but also providing a focal point at national and local fundraising events for our runners and riders and the members of the public who turned up to support them. Our staff teams have organised tours of regions, visiting several locations over the course of a week, or requested the Memory Bus for one-off events such as local agricultural shows or as an alternative to an indoor information stand at conferences.

Our publications have been in particularly great demand this year – to supply the needs of our mobile information vehicles, our growing network of Dementia Advisors and the increasing numbers of information stands and awareness raising sessions being delivered by our staff teams. As well as reprinting several of our leaflets and booklets, the Information Manager revised 11 of our information sheets and published 5 new information sheets (Help with council tax; Constipation and faecal impaction; Risk factors in dementia; Loss and bereavement; and Pain in dementia). We also produced "Useful contacts" lists for 17 local authority areas being visited by our information vehicles.

Following consultation on a draft version, we published the final version of our Guide to the Standards of Care for People with Dementia and their Carers in Scotland. We also collaborated with the national carers' organisations to produce a DVD and related website called Essential Conversations which is about talking about death and end of life care.

Fundraising

Having very tangible areas to fundraise for - dementia nurses, dementia advisors, the Dementia Helpline and the Dementia Research Centre - has helped our very productive year of generating much-needed income and bringing new supporters, members and volunteers into Alzheimer Scotland.

Charitable trusts and foundations gave invaluable support this year and we continued to receive support from major funders including Big Lottery Fund, Voluntary Action Fund and Long Term Conditions Alliance Scotland. We were also awarded a grant of £75,852 by the People's Postcode Trust Dream Fund for the Football Reminiscence Partnership.

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We had an outstanding year of corporate fundraising; our partnership with Tesco and Alzheimer's Society was extremely successful, raising £7.61m UK-wide and over £961,000 in Scotland, funding our second information vehicle, five Dementia Advisor posts and research funds. We also received over £145,000 from Standard Life, £88,000 from the Martin Currie Rob Roy Challenge and £20,000 from Capita plc, as well as donations from numerous other companies and workplaces.

In October, we organised our first Sportsman's Dinner, attracting over 100 guests and raising £13,000 for Football Reminiscence; we promoted 26 sponsored events with over 1,100 participants; 75 runners raised over £21,700 in the Glasgow Women's 10k; Pedal for Scotland raised £28,500 with nearly 300 cyclists taking part; the Edinburgh Marathon Festival of Running raised over £35,000; £126,000 was raised from over 300 community events across the country. We have been actively using Facebook and Twitter to capitalise on social networking for our events fundraising.

We continued our new strategy of targeting 'cold' donors for our summer and Christmas direct mail appeals, thereby growing our database of supporters by an additional 519 new donors. The Summer Appeal to raise funds for our Dementia Helpline brought in £20,569 whilst the Christmas appeal raised £4,111 for Dementia Nurses (from cold donors only) and £30,162 for Dementia Research (both warm and cold donors). Once again, Christmas cards proved to be very popular, bringing in over £54,000. Our new wedding favours also proved to be extremely popular, with income of over £4,200. Our membership numbers continue to grow with over 4,260 members.

We also embarked upon two new donor acquisition programmes, a door-to-door campaign and a home money box campaign. We recruited 377 new donors through our door-to-door campaign, generating annual income of over £35,000. We also had an 88% Gift Aid sign up on the campaign. We acquired almost 5,000 new donors through our home money box campaign, raising over £25,000 so far with another £20,000 raised through upgrading existing donors to committed givers.

Gift Aid continued to be a successful activity, generating over £117,000 from all of the above supporters.

The management of the charity shop in Renfrew moved from Argyll and Clyde region to the fundraising team - this exciting development brought all three charity shops (Golspie & Forres) within the fundraising team for development and support. This has proved to be very fruitful with new developments, stock rotation, peer support, and sharing of ideas between shops.

We also initiated jewellery recycling as a service for our supporters and have researched many other recycling/fundraising initiatives to help create a greener Scotland and generate additional income for the charity.

By August, two regional fundraisers in Inverness and Glasgow had made a significant difference locally, with funds being raised from new sources, more support for regional staff for their own fundraising efforts, support for awareness raising, and many new fundraising events and ideas coming into being.

Research

During the year, we launched our brand new Alzheimer Scotland Dementia Research Centre, in conjunction with, and based at, the University of Edinburgh. The launch by Deputy First Minister Nicola Sturgeon took place on World Alzheimer's Day at a reception in the Centre itself. Over 70 people attended the launch, predominantly representatives of the wider dementia research community, but also key funders, corporate partners and senior figures from the public sector.

The event also acted as a showcase of other dementia research taking place in Scotland, including the Scottish Dementia Clinical Research Network, the Centre for Cognitive Ageing and Cognitive Epidemiology and a demonstration of the touchscreen technology CIRCA, brought by the University of St Andrews.

Awareness raising

This year has proved to be another high profile year for both dementia and Alzheimer Scotland. We broadcast our second television advert, our Dementia Nurse programme began its crucial second phase to roll out across Scotland, our Dementia Awareness Week activities generated significant media coverage, and we were closely

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involved with the launch of the NHS Education and Scottish Social Services Council's *Informed about Dementia* training resource and the training of the first cohort of Dementia Champions, who graduated in March 2012.

Our television advert, entitled 'Chorus' was filmed in late May and broadcast in June. It featured a large number of people with dementia, carers and others with close links to dementia or to Alzheimer Scotland. The voiceover was provided free of charge by actress Siobhan Redmond. Our aim was to recognise the loneliness and isolation experienced by many people affected by dementia, but also to strike a positive note in terms of what Alzheimer Scotland could do to help. It was premiered at our conference and received its television premiere during a midweek evening broadcast of *Coronation Street*. This advert continues to be used by Alzheimer Scotland and will be featured in awareness-raising activities in Buchanan Galleries and Braehead Shopping centre prior to Dementia Awareness Week 2012. It can be viewed on YouTube at <http://youtu.be/FAJBzL6gh40>.

Following the launch of our £1.5 million Dementia Nurse appeal in 2010, which aimed to place a Dementia Nurse in every health board in Scotland, April 2011 saw the creation of a newly-funded Dementia Nurse post in NHS Lanarkshire. This received significant local media coverage. Soon afterwards, the Dementia Nurse scheme received joint-funding from the Scottish Government and by mid-March 2012, nine of Scotland's fourteen NHS boards had an Alzheimer Scotland Dementia Nurse in post.

Dementia Awareness Week 2011 proved to be the highest profile yet. Preceded by public concern over standards in hospitals (the release of the Mental Welfare Commission report on the treatment of *Mrs V* at Ninewells) and care homes (the closure of the Elsie Inglis home in Edinburgh and the instability of Southern Cross), we were initially worried that the week would be overshadowed and that media interest might run dry. However, Deputy First Minister, Nicola Sturgeon, making her first major address since the Scottish Parliament elections – on the subject of care for people with dementia and older people – at the conference on Monday ensured that the momentum of the topic simply gathered pace. A combination of these factors plus other human interest stories around dementia resulted in Alzheimer Scotland receiving unprecedented media coverage on television, radio and in the press.

The Tesco Dementia Community Roadshow was launched at the Tesco Kingsway Extra store in Dundee on Thursday 6 October and received extensive coverage on Radio Tay and STV. The vehicle will continue to visit Tesco stores across Scotland for the next three years. The launch of the Football Memories website also generated a lot of media interest (as has been the case for almost all of our work related to the Football Reminiscence Project).

Early 2012 saw the launch of the *Informed about Dementia* DVD training resource, created by NHS Education and the Scottish Social Services Council, which took place at our National Office in Edinburgh. There was a photo call with key representatives from all those involved in creating the DVD (including Alzheimer Scotland and the Scottish Dementia Working Group) and short video clips were filmed with Lindsay Burlay (NES), Gary Coutts (SSSC) and Geoff Huggins (Scottish Government).

In mid-March, just before the end of the financial year, the first cohort of Dementia Champions graduated at a ceremony in Our Dynamic Earth in Edinburgh. A short film was created for this event (which can be viewed online at <http://vimeo.com/38449657>). One of the film's participants, Ruth Jones, was also interviewed by Radio Scotland on the morning of the graduation.

Financial review

While the economic environment continues to be difficult, we achieved good financial results and ended the year in a strong financial position. Two primary reasons for this are the Tesco Charity of the Year Partnership and an increase in legacy income.

The statement of financial activities shows that total incoming resources of £15,989,196 was up by 17.00% (£13,662,839 2010/11), and total resources expended of £14,837,173 was up by 11.70% (£13,282,247 2010/11). The net incoming resources was £1,152,023 (£380,592 2010/11) which is 7.2% of total incoming resources (2.8% 2010/11).

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

Directors' Report

For the year ended 31 March 2012

Fixed assets increased by 66.44% from £2,377,585 to £3,979,278, mainly as a result of the purchase of four new properties in Kirkcaldy, Inverness, Dumfries and Motherwell, less overall depreciation. The provision of these new properties has increased our reach and commitment in local communities and has allowed us to expand our service provision. They will additionally provide long-term savings as compared to rental costs. Details of fixed assets are shown in Note 10 to the financial statements.

The group has unrestricted reserves (including property) of £9,928,488 (+12.49%) (£8,826,284 2010/11) comprising unrestricted income funds of £3,848,789, the unrestricted legacy reserve of £1,712,235 and designated reserves of £4,367,464.

The unrestricted income funds relate to services, branches and national office. It is the organisation's policy that service reserves will not normally be transferred to other services. Each service aims to have four to six weeks' running costs as cash reserves, which makes the unrestricted income funds greater than the £1.4m required.

The Directors approve Executive Committee recommendations for the use of funds from the unrestricted legacy reserve and the unrestricted income reserves for strategic commitments or restricted uses, taking into account the unpredictability of legacy income and the organisation's reserves policy. Each year decisions are made about the use of reserves when the annual budget is prepared and approved. The unrestricted legacy reserve reduced by 34.2% from £2,602,347 to £1,712,235.

The designated reserves are land and buildings, £3,457,323, used by Alzheimer Scotland in pursuance of the charity's objectives; the property management reserve of £186,710 for improvements and repairs to property; fixtures and fittings in owned properties and vehicles of £417,623, a reserved sum for research of £53,353, and a Service Development Fund of £252,454.

The group has restricted reserves of £902,904 comprising restricted income funds of £160,433, the restricted legacy reserve of £408,970 and the research reserve of £333,501. Restricted reserves must be used for the purpose or area for which they were given, and the group seeks opportunities to use these reserves, where appropriate, in agreement with the providers.

The research reserve comprises donations and legacies restricted for research.

The endowment fund of £118,037 is the Michael Clutterbuck Bequest. Under the terms of the bequest, the group retains the capital of £100,000 and when sufficient interest accumulates, spends the interest on innovative home support services.

Total reserves are now £10,949,429 (+12%), £6,992,151 of which is net current assets. The proportion of total reserves that is unrestricted is 91% (90% 2010/11). Unrestricted reserves are the most flexible type of reserves.

The principal funding sources for Alzheimer Scotland are local authorities (36%), NHS Boards (5%), Scottish Government and specific grants (3%), fundraising, trusts and donations (24%), legacies (9%) and other (23%).

Most of the organisation's expenditure (87.8%) is spent on care related services, 1% of expenditure is spent on awareness raising, 1% on campaigning, 1.5% on involvement, 1% on research and 0.26% on governance. Fundraising accounts for 3.44% of expenditure and support costs 4% of expenditure.

The organisation's investment policy is to minimise risk by holding liquid reserves as cash, in interest-bearing bank accounts. The interest earned in 2011/12 was £160,005 (2010/11 £160,040).

Future plans

We launched our new 3 year Strategic Plan in August 2010 and good progress continues to be made in meeting the aims and objectives from it – a progress report was presented to Council in June 2011 and again in December 2011 and this plan will continue to be the main driver for change and development across the year 2012/13.

We are intent on delivering on our mission of making sure no one goes through dementia on their own and, as stated in our Strategic Plan, we will achieve this by being the foremost provider of information, services and

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support for people with dementia and their families, and by being the leading force for change at all levels in national and local government in Scotland.

Our main service objective will be to continue to invest in our stand-alone self-commissioned support, using this as a means of providing small-scale dementia-specific services that people with dementia and their families can directly commission from us. Along with this, we will continue to maintain and develop our existing services, working with our local authority partners to ensure that high quality small-scale dementia-specific services are available in every area. This will include individual support, day opportunities and community support activities. We will continue to support the development of our post-diagnostic model and effectively implement the evolving Link Worker role. We will continue to develop our Dementia Resource Centre network and identify further opportunities to purchase good quality and well-located properties to convert into resource centres.

We have reached our target of 30 Dementia Advisors and we will continue to make sure this role builds on the work of our services and helpline and that we make the most effective use of our mobile information teams in hard-to-reach localities.

Our policy focus will continue to be on ensuring delivery of the current National Dementia Strategy and preparing for the new strategy in 2013. We will start a new campaign for similar guarantees for community support following the post-diagnostic guarantee and we will produce a report in September 2012 that will outline a model for this, with a call to action for local health and social care partners. We will formally launch the new National Dementia Carers Action Network and continue to invest in the Scottish Dementia Working Group, thus ensuring that the voices of people with dementia and their carers are listened to at every level of government across Scotland.

We will continue to provide joint funding along with the Scottish Government for Alzheimer Scotland Nurse Specialists and Consultants in Acute Care and we will ensure that they support the development of the Dementia Champions in delivering effective change and leadership in our acute care wards.

We will continue to promote the necessity for greater research and develop a stronger role in working with the Scottish research community, which will include the work of our own research centre.

In order to fund this work, we will continue to build on our fundraised activities and partnerships. We will invest in new methods of fundraising such as developing legacies and community links and develop a better strategy for engaging with the Scottish public and businesses, without whom we could not operate as successfully.

We will continue to ensure that all our staff, volunteers, supporters and activists are well supported and engaged throughout the organisation and that the quality of every frontline relationship with the people we support is of the highest possible standard and the main focus of all our support activity and training.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under 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 company and of the profit or loss of the company for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

Directors' Report

For the year ended 31 March 2012

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 requirements of the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

It is the Directors' assessment that there is no relevant audit information of which the auditors are unaware; and they have taken all necessary steps that they ought to have taken as Directors to ensure that the auditors have been made aware of all relevant audit information.

By order of the board



.....
Secretary and Director

Arlene Chalmers

Edinburgh 31 August 2012

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

Directors' Report

For the year ended 31 March 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

We have audited the financial statements of Alzheimer Scotland - Action on Dementia for the year ended 31 March 2012 which comprise the consolidated income and expenditure account, the consolidated statement of financial activities, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the charity's directors, as a body, in accordance with regulations made under section 44 of the Charities and Director Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity'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 charity, the charity's members as a body and the charity's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Director Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities and Director Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

Directors' Report

For the year ended 31 March 2012

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF
ALZHEIMER SCOTLAND - ACTION ON DEMENTIA, CONTINUED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where regulations made under the Charities and Director Investment (Scotland) Act 2005 and where the Companies Act 2006 requires us to report to you if, in our opinion:

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

PKF (UK) LLP

6 SEPTEMBER 2012

Martin Gill (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditor

PKF (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Edinburgh, UK

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

**Consolidated Statement of Financial Activities
Incorporating income and expenditure account
For the year ended 31 March 2012**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2012 Total £	2011 Total £
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income - donations and legacies		3,824,019	362,044	0	4,186,063	2,586,125
Activities for generating funds	2	1,066,520	0	0	1,066,520	1,049,159
Investment income - interest receivable		146,091	12,235	1,679	160,005	160,040
Total incoming resources from generated funds		5,036,630	374,279	1,679	5,412,588	3,795,324
<i>Incoming resources from charitable activities</i>						
Provision of care related services		1,044,014	9,375,340	0	10,419,354	9,840,856
Awareness raising		59,830	40,256	0	100,086	0
Campaigning		20,580	30,000	0	50,580	20,495
Involvement		6,588	0	0	6,588	6,164
Research		0	0	0	0	0
Total incoming resources from charitable activities	4	1,131,012	9,445,596	0	10,576,608	9,867,515
Total incoming resources		6,167,642	9,819,875	1,679	15,989,196	13,662,839
Resources expended						
<i>Costs of generating funds</i>						
Cost of generating voluntary income		(1,013,373)	0	0	(1,013,373)	(538,961)
Shops		(56,702)	0	0	(56,702)	(61,111)
Total costs of generating funds	5,7	(1,070,075)	0	0	(1,070,075)	(600,072)
<i>Resources expended on charitable activities</i>						
Provision of care related services		(445,911)	(12,605,842)	0	(13,051,753)	(12,171,802)
Awareness raising		0	(148,275)	0	(148,275)	(104,890)
Campaigning		0	(149,998)	0	(149,998)	(110,761)
Involvement		0	(228,913)	0	(228,913)	(211,936)
Research		0	(150,000)	0	(150,000)	(50,000)
Total resources expended on charitable activities	6,7	(445,911)	(13,283,028)	0	(13,728,939)	(12,649,389)
Governance costs	8	(22,223)	(15,936)	0	(38,159)	(32,786)
Total resources expended		(1,538,209)	(13,298,964)	0	(14,837,173)	(13,282,247)
Net incoming/(outgoing) resources before transfers		4,629,433	(3,479,089)	1,679	1,152,023	380,592
Transfers	15,16	(3,527,229)	3,527,229	0	0	0
Net (outgoing)/incoming resources		1,102,204	48,140	1,679	1,152,023	380,592
NET MOVEMENT IN FUNDS		1,102,204	48,140	1,679	1,152,023	380,592
Fund balances at 1 April		8,826,284	854,764	116,358	9,797,406	9,416,814
FUND BALANCES AT 31 MARCH	15,16,	9,928,488	902,904	118,037	10,949,429	9,797,406

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The statement of financial activities includes all gains and losses recognised in the year.
All results reflect continuing operations.

The notes on pages 19 to 26 form part of these financial statements.

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

Consolidated and Company Balance Sheets

At 31 March 2012

Company Number 149069 Charity Number SC022315
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	Notes	Group		Company	
		2012 £	2011 £	2012 £	2011 £
Fixed Assets					
Tangible assets	10	3,957,278	2,377,585	3,957,278	2,377,585
Investments in subsidiary undertakings	11	0	0	2,000	1,880
		<u>3,957,278</u>	<u>2,377,585</u>	<u>3,959,278</u>	<u>2,379,465</u>
Current assets					
Sundry Debtors	12	2,432,782	1,022,632	2,430,203	1,019,657
Cash at bank and in hand					
- National Office		752,435	674,910	752,435	675,030
- Legacies unrestricted		1,712,235	2,602,347	1,712,235	2,602,347
- Legacies restricted		408,970	438,082	408,970	438,082
- Research reserve		386,854	456,619	386,854	456,619
- The Michael Clutterbuck Bequest		118,037	116,358	118,037	116,358
- Property Management		186,710	142,626	186,710	142,626
- Services		3,208,839	3,198,201	3,203,192	3,195,902
- Branches		99,799	108,794	99,799	108,794
		<u>6,873,879</u>	<u>7,737,937</u>	<u>6,868,232</u>	<u>7,735,758</u>
Total current assets		<u>9,306,661</u>	<u>8,760,569</u>	<u>9,298,435</u>	<u>8,755,415</u>
Creditors: amounts falling due within one year	13	<u>(2,314,510)</u>	<u>(1,340,748)</u>	<u>(2,308,284)</u>	<u>(1,337,354)</u>
Net current assets		<u>6,992,151</u>	<u>7,419,821</u>	<u>6,990,151</u>	<u>7,418,061</u>
Total assets less current liabilities		<u>10,949,429</u>	<u>9,797,406</u>	<u>10,949,429</u>	<u>9,797,526</u>
Reserves					
Unrestricted funds	15,18	9,928,488	8,826,284	9,928,488	8,826,404
Restricted funds	16,18	902,904	854,764	902,904	854,764
Endowment funds	17,18	118,037	116,358	118,037	116,358
		<u>10,949,429</u>	<u>9,797,406</u>	<u>10,949,429</u>	<u>9,797,526</u>

The financial statements were authorised and approved by

the directors on 31 August 2012 and were signed on its behalf:

Ian Bell

.....
Treasurer
Ian Bell

Arlene Chalmers

.....
Secretary and Director
Arlene Chalmers

The notes on pages 19 to 26 form part of these financial statements.

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

Consolidated Cash Flow Statement

For the year ended 31 March 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	21	699,952	482,974
Return on servicing of finance			
Interest received		160,005	160,040
Capital expenditure and financial investment			
Purchase of fixed assets		(1,724,015)	(451,215)
Increase in cash		<u>(864,058)</u>	<u>191,799</u>

Reconciliation of net cash flow to movement in cash and bank balances			
(Decrease)/Increase in cash in the period		(864,058)	191,799
Opening net cash and bank balances		<u>7,737,937</u>	<u>7,546,138</u>
Closing net cash and bank balances		<u>6,873,879</u>	<u>7,737,937</u>

The notes on pages 19 to 26 form part of these financial statements.

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

Notes forming part of the financial statements

For the year ended 31 March 2012

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention, and are in accordance with applicable accounting standards in the United Kingdom. In addition, the company accounts are in accordance with the Statement of Recommended Practice - accounting and reporting by charities (SORP 2005) and the Companies Act 2006; and the subsidiary undertaking accounts are in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The Statement of Financial Activities and balance sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The company has used paragraph 4(1) of Schedule 1 to SI 2008 No. 410 "The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" to reflect the special nature of the company's activities. No separate Statement of Financial Activities has been presented for the company alone, as permitted by section 408 of the Companies Act 2006.

(b) Parent company result

The surplus for the year of the company is £1,239,024 (2011 surplus £380,592).

(c) Branch financial statements

The transactions of the company's branches are recognised on a cash basis. The Statement of Financial Activities includes the income and expenditure of the branches. The Balance Sheet includes the branch reserves and cash at bank and in hand held by branches.

(d) Public funding and trust grants

Public funding and trust grants are credited to the Statement of Financial Activities in the year for which they are received. Deferred income represents amounts received either for future periods or before preconditions for use are fulfilled. Deferred income is released to incoming resources in the period either for which it has been received or in which the preconditions are met.

(e) Donations and legacies

Donations and legacies are accounted for when receivable. The recognition criteria are certainty, entitlement and measurement.

(f) Membership subscriptions

Membership subscriptions are for a financial year and are accounted for when receivable.

(g) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been attributed directly to one of the functional categories of resources expended in the Statement of Financial Activities on the basis of resources used.

(h) Allocation of resources expended

Costs of generating funds include the costs incurred in generating voluntary income, retail trading costs, fundraising event costs and publicity costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities.

Charitable activities expenditure enable Alzheimer Scotland to meet its charitable aims and objectives. Governance costs are associated with the governance arrangements of the charity, and relate to the general running of the charity at a strategic level. These costs include audit fees, directors' indemnity, insurance and costs associated with meeting constitutional and statutory requirements such as cost of Director's meetings. Support costs are those costs which enable fund generating and charitable activities to be undertaken and include finance, HR, IT, and property maintenance. Where expenditure incurred relates to more than one cost category it is apportioned. The method of apportionment uses the most appropriate basis which is mainly time cost apportionment.

(i) Operating leases

Operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

(k) Tangible fixed assets

All fixed assets costing over £5,000 (2010/11: £20,000 (£30,000 for IT)) including VAT are capitalised and depreciated.

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

Notes forming part of the financial statements

For the year ended 31 March 2012

1. Accounting policies - continued

(l) Depreciation of tangible fixed assets

Depreciation is provided on all fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life as follows:

Heritable property	50 years
Leasehold property	over the term of the lease
Other tangible fixed assets	5 years

(m) Pension costs - FRS17 compliance

The company operates a defined contribution group personal pension scheme for a money purchase pension, so there is no outstanding liability to the company or group. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme.

(n) Value added tax

The company is not registered for VAT and accordingly expenditure includes value added tax where applicable.

2. Activities for generating funds

	2012	2011	2012	2011
	£	£	£	£
Fundraising income				
Trust grants & trust donations	475,046	430,516		
Events, appeals and other fundraising	471,973	498,005		
Shops	113,871	115,608		
			1,060,890	1,044,129
Sales & rentals			5,630	5,030
			<u>1,066,520</u>	<u>1,049,159</u>

3. Fundraising income

Included in 'voluntary income - donations and legacies' and 'activities for generating funds' is the following fundraising income:

	2012	2011	2012	2011
	£	£	£	£
Voluntary income - donations and legacies			4,186,063	2,586,125
Activities for generating funds				
Trust grants & trust donations	480,676	430,516		
Events, appeals and other fundraising	471,973	498,005		
Shops	113,871	115,608		
			<u>1,066,520</u>	<u>1,044,129</u>
			<u>5,252,583</u>	<u>3,630,254</u>

4. Incoming resources from charitable activities

	Provision of care related services	Awareness raising	Campaigning	Involvement	Research	2012 Total	2011 Total
	£	£	£	£	£	£	£
Public funding	9,375,340	40,256	30,000	0	0	9,445,596	9,025,833
Service user income	813,999	0	0	0	0	813,999	579,360
Other charitable income	230,015	59,830	20,580	6,588	0	317,013	262,322
	<u>10,419,354</u>	<u>100,086</u>	<u>50,580</u>	<u>6,588</u>	<u>0</u>	<u>10,576,608</u>	<u>9,867,515</u>

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

Notes forming part of the financial statements

4. Incoming resources from charitable activities - continued

Public funding included the following Scottish Government grants:	2012	2011
	£	£
Dementia Nurses Funding	180,339	0
Section 10, Social Work (Scotland) Act 1968	100,000	100,000
Self Directed Support Project Funding	39,900	0
Post Diagnostic Pilot Project	30,000	66,222
Dementia Dog Project Funding	25,000	0
Section 16B, NHS (Scotland) Act 1978	23,500	23,500
Voluntary Sector Development Fund	13,000	3,382
Scottish Dementia Working Group Funding	12,000	0
Information and Publication Grant	10,256	0
Promoting Excellence Funding	6,428	0
	<u>440,423</u>	<u>193,104</u>

5. Costs of generating funds

	Activities undertaken directly	Support costs	2012 Total	2011 Total
	£	£	£	£
Fundraising costs	989,578	23,795	1,013,373	538,961
Shops	53,930	2,772	56,702	61,111
	<u>1,043,508</u>	<u>26,567</u>	<u>1,070,075</u>	<u>600,072</u>

Types of activities undertaken to generate funds were trust applications, events, appeals and shops.

6. Costs of charitable activities

	Activities undertaken directly	Research	Support costs	2012 Total	2011 Total
	£	£	£	£	£
Provision of care related services	12,387,241	0	664,512	13,051,753	12,171,802
Awareness raising	139,656	0	8,619	148,275	104,890
Campaigning	140,875	0	9,123	149,998	110,761
Involvement	217,407	0	11,506	228,913	211,936
Research	0	150,000	0	150,000	50,000
	<u>12,885,179</u>	<u>150,000</u>	<u>693,760</u>	<u>13,728,939</u>	<u>12,649,389</u>

Operating lease rentals of £243,582 (2011 - £229,853) are included in activities undertaken directly.

Details about research are in the directors' report that accompanies these financial statements, on page 6.

7. Analysis of support costs

	Fundraising incl shops	Provision of care related services	Awareness raising	Campaigning	Involvement	2012 Total	2011 Total
	£	£	£	£	£	£	£
Support cost							
Management	6,716	155,753	2,020	2,139	2,698	169,326	141,923
Finance	10,411	289,789	3,758	3,978	5,017	312,953	262,126
IT	4,112	95,369	1,237	1,309	1,652	103,679	86,900
Human resources	5,328	123,601	1,604	1,697	2,140	134,370	112,626
	<u>26,567</u>	<u>664,512</u>	<u>8,619</u>	<u>9,123</u>	<u>11,506</u>	<u>720,327</u>	<u>603,575</u>

Support costs were apportioned on the basis of the total of direct expenditure except that research was excluded from the apportionment because research comprises large sums with negligible support costs.

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

Notes forming part of the financial statements

For the year ended 31 March 2012

8. Governance costs	2012	2011
	£	£
Audit fees	15,400	14,825
Non audit fees	1,000	0
Directors' indemnity insurance	883	735
Directors' meetings and other costs	20,876	17,176
	<u>38,159</u>	<u>32,736</u>

Within directors' meetings and other costs, 17 members of council received travel and subsistence expenses of £3,780.68 (2011 - 16 members received £2,210.90).

9. Staff payroll costs and numbers	2012	2011
	£	£
Wages and salaries	9,581,535	8,751,141
Social security costs	580,316	575,919
Pension costs	376,983	337,295
	<u>10,538,834</u>	<u>9,664,355</u>
Employee earning between £60,000 and £70,000	0	1
Employee earning between £70,000 and £80,000	1	0

The average number of full time equivalent employees during the year was 445 which comprised 352 support staff and 93 administrative staff (2011: support staff 343, administrative 87 - 430).

No member of council received any remuneration from the company during the year (2011 - £nil). David McClements, a member of council, is a partner in Russel + Aitken, which received £6,263.25 (2011 - £2,762.67) for legal advice given during the year. This is higher than previous years due to the property purchases.

10. Tangible fixed assets	Heritable property	Leasehold property	Motor vehicles	Fixtures and fittings	Total
Group and Company	£	£	£	£	£
Cost:					
At 1 April 2011	2,629,423	173,329	164,713	261,981	3,229,446
Additions	1,332,682	0	73,209	318,124	1,724,015
Disposals	0	0	0	0	0
At 31 March 2012	<u>3,962,105</u>	<u>173,329</u>	<u>237,922</u>	<u>580,105</u>	<u>4,953,461</u>
Depreciation:					
At 1 April 2011	(439,988)	(86,662)	(80,456)	(244,755)	(851,861)
Charge for year	(64,794)	(4,336)	(35,803)	(39,389)	(144,322)
On disposals	0	0	0	0	0
At 31 March 2012	<u>(504,782)</u>	<u>(90,998)</u>	<u>(116,259)</u>	<u>(284,144)</u>	<u>(996,183)</u>
Net book value:					
At 31 March 2012	<u>3,457,323</u>	<u>82,331</u>	<u>121,663</u>	<u>295,961</u>	<u>3,957,278</u>
At 31 March 2011	<u>2,189,435</u>	<u>86,667</u>	<u>84,257</u>	<u>17,226</u>	<u>2,377,585</u>

During 2011/12 Alzheimer Scotland purchased fixed assets totalling £1,724,016. The assets purchased were: Dementia Resource Centres in Kirkcaldy £445,380, Greenock £268,622, Dumfries £397,031, Inverness £302,903, memory bus £57,294, minibus £15,915, HR & payroll system £60,143, IT replacement £68,612 and £108,116 other. The fixed assets were purchased from cash reserves. The subsidiary undertakings have no fixed assets.

11. Investments in subsidiary undertakings	Group	Company
	£	£
At 1 April 2011	0	1,880
Additions	0	120
Losses	0	0
At 31 March 2012	<u>0</u>	<u>2,000</u>

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

Notes forming part of the financial statements

For the year ended 31 March 2012

11. Investments in subsidiary undertakings - continued

Details of the subsidiary undertakings at the balance sheet date are as follows:

Name of subsidiary undertaking	Principal activity	Class of share	Holding %	Aggregate capital and reserves £	Profit for year £
Alzheimer Scotland Golspie Shop Limited	Retail	Ordinary	100	1,000	0
Alzheimer Scotland Renfrew Shop Limited	Retail	Ordinary	100	1,000	0

Alzheimer Scotland Golspie Shop Limited - Summary of Results

	2012 £	2011 £
Turnover	73,511	71,984
Operating expenses - operations	(21,902)	(18,697)
Operating expenses - audit fees	(2,047)	(1,325)
Interest receivable	0	16
Gift to Alzheimer Scotland - Action on Dementia	(49,562)	(51,978)
Profit for the period	0	0
Net assets	1,000	1,000

Alzheimer Scotland Renfrew Shop Limited - Summary of Results

	2012 £	2011 £
Turnover	40,360	43,624
Operating expenses - operations	(34,800)	(42,414)
Operating expenses - audit fees	(1,986)	(1,330)
Interest receivable	0	0
Gift to Alzheimer Scotland - Action on Dementia	(3,454)	0
Profit/(Deficit) for the period	120	(120)
Net assets	1,000	880

12. Debtors

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Service debtors	1,040,998	719,248	1,040,998	719,248
Other Debtors	1,221,554	193,642	1,221,554	193,493
Prepayments	170,230	109,742	167,651	106,916
	<u>2,432,782</u>	<u>1,022,632</u>	<u>2,430,203</u>	<u>1,019,657</u>

13. Creditors: amounts falling due within one year

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Deferred income (note 14)	1,042,321	583,182	1,042,321	583,182
Other creditors and accruals	1,044,908	526,892	1,038,682	523,498
Pension costs	47,088	44,632	47,088	44,632
Social security costs and other taxes	180,193	186,042	180,193	186,042
	<u>2,314,510</u>	<u>1,340,748</u>	<u>2,308,284</u>	<u>1,337,354</u>

14. Deferred income

	Group and Company	
	2012 £	2011 £
Balance brought forward	583,182	212,239
Deferred income receivable	1,042,321	583,182
Deferred income released to statement of financial activities	(583,182)	(212,239)
Balance carried forward	<u>1,042,321</u>	<u>583,182</u>

The subsidiary undertakings have no deferred income.

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Notes forming part of the financial statements

For the year ended 31 March 2012

15. Unrestricted funds	Balance at 1 April 2011 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2012 £
Income funds:					
National Office	752,318	2,613,639	(1,000,134)	(1,074,220)	1,291,603
Services	2,657,305	1,996,780	(41,961)	(2,154,737)	2,457,387
Branches	108,794	83,882	(70,179)	(22,698)	99,799
	<u>3,518,417</u>	<u>4,694,301</u>	<u>(1,112,274)</u>	<u>(3,251,655)</u>	<u>3,848,789</u>
Other funds:					
Unrestricted legacy reserve	2,602,347	1,274,189	(141,289)	(2,023,012)	1,712,235
Designated reserves:					
Research reserve	52,100	1,253	0	0	53,353
Service Development Fund	219,997	84,028	(51,571)	0	252,454
Property	2,189,435	0	(64,794)	1,332,682	3,457,323
Property fixtures, fittings & vehicles	101,482	0	(75,192)	391,333	417,623
Property management reserve	142,626	0	(32,354)	76,438	186,710
	<u>2,705,640</u>	<u>85,281</u>	<u>(223,911)</u>	<u>1,800,454</u>	<u>4,367,464</u>
Total company unrestricted funds	8,826,404	6,053,771	(1,477,474)	(3,474,213)	9,928,488
Subsidiary undertaking profit and loss account reserves	(120)	113,871	(60,735)	(53,016)	0
Total group unrestricted funds	<u>8,826,284</u>	<u>6,167,642</u>	<u>(1,538,209)</u>	<u>(3,527,229)</u>	<u>9,928,488</u>

The Council of Alzheimer Scotland established a legacy policy to ensure that the most efficient use is made of legacy income. The policy states that a legacy reserve be set up and released to fund activities as agreed by Council.

The transfers column shows the organisation moving its own funds from one heading to another so that funds are available where needed to meet charitable and other expenditure; this includes transfers between unrestricted and restricted funds.

16. Restricted funds	Balance at 1 April 2011 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2012 £
Income funds:					
National Office	0	380,075	(2,121,052)	1,740,977	0
Services	6,514	9,174,248	(10,914,533)	1,878,771	145,000
Services - Community Fund	5,649	128,195	(109,700)	(8,711)	15,433
Branches	0	0	(3,679)	3,679	0
	<u>12,163</u>	<u>9,682,518</u>	<u>(13,148,964)</u>	<u>3,614,716</u>	<u>160,433</u>
Other funds:					
Restricted legacy reserve	438,082	58,525	0	(87,637)	408,970
Research reserve	404,519	78,832	(150,000)	150	333,501
	<u>842,601</u>	<u>137,357</u>	<u>(150,000)</u>	<u>(87,487)</u>	<u>742,471</u>
Total company and group restricted funds	<u>854,764</u>	<u>9,819,875</u>	<u>(13,298,964)</u>	<u>3,527,229</u>	<u>902,904</u>

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

Notes forming part of the financial statements

For the year ended 31 March 2012

16. Restricted funds - continued

Income funds include funds received through local authorities which must be spent in accordance with the conditions imposed by the relevant authority.

The restricted legacy reserve contains legacies received whose use is restricted by geographic area or purpose. The restricted services fund represents donations received from Standard Life to fund dementia advisers. The research reserve comprises donations received specifically to fund research into dementia.

The transfers column shows the organisation moving its own funds from one heading to another so that funds are available where needed to meet charitable and other expenditure; this includes transfers between unrestricted and restricted funds.

The subsidiary companies have no restricted funds.

17. Endowment fund

	Group and Company	
	2012	2011
	£	£
The Michael Clutterbuck Bequest		
Opening balance	116,358	115,044
Interest	1,679	1,314
	118,037	116,358
Less: expenditure	0	0
Closing balance	118,037	116,358

The Michael Clutterbuck Bequest was established to fund particular initiatives providing nursing or home care for people with Alzheimer's disease. The Bequest is not accessible as general revenue for Alzheimer Scotland; the sum of £100,000 is to be retained.

18. Analysis of assets and liabilities among funds

	Unrestricted funds	Restricted funds	Endowment funds	Total funds
	£	£	£	£
Company				
Tangible fixed assets	3,957,278	0	0	3,957,278
Investments	2,000	0	0	2,000
Net current assets	5,969,210	902,904	118,037	6,990,151
	9,928,488	902,904	118,037	10,949,429
Group				
Tangible fixed assets	3,957,278	0	0	3,957,278
Net current assets	5,971,210	902,904	118,037	6,992,151
	9,928,488	902,904	118,037	10,949,429

19. Pension and retirement benefits

The company operates a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The contribution for the year amounted to £376,983 (2011 - £360,370). As the pension scheme is a defined contribution money purchase scheme, no liabilities for pensions arise for the company or group.

ALZHEIMER SCOTLAND - ACTION ON DEMENTIA

Notes forming part of the financial statements

For the year ended 31 March 2012

20. Operating lease commitments

	Group		Company	
	Land & buildings 2012 £	Land & buildings 2011 £	Land & buildings 2012 £	Land & buildings 2011 £
The company had commitments under non-cancellable leases expiring as follows.				
Within one year	195,785	157,700	180,749	142,924
Total	<u>195,785</u>	<u>157,700</u>	<u>180,749</u>	<u>142,924</u>

21. Reconciliation of net incoming resources before transfers to net cash inflow from operating activities

	2012 £	2011 £
Surplus on net incoming resources before transfers	1,152,023	380,473
Depreciation	144,322	98,251
Decrease/(increase) in debtors	(1,410,150)	(200,824)
(Decrease)/increase in creditors	973,762	365,114
Interest received	(160,005)	(160,040)
Net cash inflow from operating activities	<u>699,952</u>	<u>482,974</u>

22. Post Balance Sheet Events

Alzheimer Scotland purchased properties in Motherwell and Clydebank amounting to a total of £312,000. These will be used as a Dementia Resource Centres.

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

Directors' Report

For the year ended 31 March 2012

Appendix - Committees

The Directors (i.e. Council) and the Executive Committee and their memberships are listed on the first two pages in the main body of the Directors' Report.

This Appendix lists the other committees and their memberships at 31 March 2012 that report to Council.

Awards Committee

John Laurie (Chair)	Barbara Barnes	Gillian Boardman
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Finance Audit Committee

Ian Bell (Chair)	John Laurie	Jim Fry
Kenny Valentine	Lynda Hogg	

Human Resources Committee

Arlene Chalmers (Chair)	John Laurie	Findlay McQuarrie
Dianne Howieson		

International Matters Committee

Christine McGregor (Chair)	Noni Cobban	Alan Jacques
James McKillop	Caroline Crawford	John Laurie

Service Audit Committee

Noni Cobban (Chair)	Gill Boardman	John Laurie
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Public Policy Committee

Douglas Philips (Chair)	Jill Stavert	Alan Jacques
David McClements	Isabel Masson	Carolyn Johnson
Liz Baikie	Dr Peter Gordon	Dr Neill Anderson
John Armstrong	Iain McIntosh	Hilary Patrick
Agnes Houston	Edward McLaughlin	Isabel Marr
Raymond Duffy	Lynn Douglas	Lynda Hogg