



(a company limited by guarantee and not having a share capital)

Company Number SC149069

Charity Number SC022315

**Directors' Report, Strategic Report and Financial Statements**

**For the year ended 31 March 2017**

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)  
For the year ended 31 March 2017

<b>Contents</b>	<b>Page</b>
Directors' Report – including Strategic Report	3 - 22
Independent Auditor's Report	23 – 24
Consolidated Statement of Financial Activities	25
Consolidated and Company Balance Sheets	26
Consolidated Statement of Cash Flows	27
Notes forming part of the financial statements	28 – 42

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)  
For the year ended 31 March 2017

## 1. Directors' Report

### References and administrative details

Alzheimer Scotland - Action on Dementia is the registered name of the organisation. Operationally, the organisation is known as Alzheimer Scotland (and this title is used throughout this report).

Scottish charity number: SC022315 Company registration number: SC149069

#### Principal and registered office

160 Dundee Street  
EDINBURGH  
EH11 1DQ

#### Chief Executive

Henry Simmons

#### Company Secretary

Kevin Craik

#### Solicitor

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

#### Auditor

BDO LLP  
Citypoint  
65 Haymarket Terrace  
EDINBURGH  
EH12 5HD

#### Banker

The Bank of Scotland  
20-22 Shandwick Place  
EDINBURGH  
EH2 4RN

### Directors

John Laurie (Convener)  
Ian Bell (Treasurer) – Re-elected November 2016  
Arlene Chalmers (Secretary) – Resigned January 2017  
David McClements (Vice Convener)

Barbara Barnes  
Noni Cobban  
Henry Rankin – Resigned August 2016  
Dianne Howieson – Re-elected November 2016  
Alan Jacques – Re-elected November 2016  
John Starr  
Christine McGregor  
Mary-Frances Morris  
Diane Goldberg  
Susanne Forrest – Elected November 2016  
Caroline Crawford – Elected November 2016  
Archie Noone – Co-opted December 2016

Jim Fry - Resigned December 2016  
Douglas Philips – Resigned August 2016  
Patricia Laughlin – Resigned January 2017

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

### **2. 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 (last amended November 2013) and the Rules of the Organisation (last amended December 2015).

The Directors of the Company are elected from the membership for three-year terms of office by the members at the Annual General Meeting (AGM). The office bearers of the organisation are elected from the Directors by the membership. Alzheimer Scotland has increased its membership to 8,459 (7,886 members - 2015/16). During 2016/17, the Board of Directors established a Nominations Committee for the purpose of recruiting new Trustees, with the aim of ensuring that a broad mix of skills and backgrounds is selected.

Each year there is an induction and training session for new and continuing Directors. Each Director receives a Directors' handbook. Throughout the year Directors are encouraged to visit services and attend conferences organised by Alzheimer Scotland as well as spend time with the Executive Directors as part of their induction.

The Board is responsible for the governance, strategic direction and priorities of the organisation and for approving the annual budget. The management of the organisation is delegated to the Chief Executive and Executive Directors.

Alzheimer Scotland is an active member of several umbrella organisations: Alzheimer's Disease International, Alzheimer Europe, Coalition of Care and Support Providers in Scotland, the Alliance (formerly Long Term Conditions Alliance Scotland) and the Neurological Alliance. These relationships serve a number of purposes – they help to develop ideas in different markets by sharing expertise and also to pool resources to provide better services.

The Board meets monthly, except in July and November, to oversee day-to-day management. The Board comprises the four office bearers and up to twelve other members of the Board. The Chief Executive attends all Board meetings. The other Executive Directors attend as and when required.

The Board regularly review the most significant financial risks to the organisation. Again 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 – though over the last few years we have been fortunate to receive an increase in our legacy income, which has offset some of these pressures.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

### 3. Objectives and activities

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

- i) to promote the welfare and rights 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 secure the provision of high quality services for people with dementia;
- iv) to provide and 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 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 31st March 2017, Alzheimer Scotland had 832 staff (1,004 - 2015/16); the average number of full time equivalent employees during the year was 429 (455 - 2015/16) and 865 (801 - 2015/16) 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.

#### **4. Mission**

Our mission is to make sure no one faces dementia alone. Our aims are to be the foremost provider of support services and information for people with dementia, their families and friends throughout Scotland and to be a leading force for change.

To fund our work we rely on voluntary donations from the public, companies and trusts, in addition to the fees and grants we receive for providing services to Local Authorities (LA), other funding partners and the local communities in which we work.

### **Strategic Report**

#### **5. Achievements and performance**

This has again been another successful year for the organisation, with substantial progress towards creating a robust and influential platform in our mission of making sure no one faces dementia alone. We have also made good progress in terms of our policy work, campaigns, awareness raising, Dementia Nurse Consultants, service provision (including Link Workers, Dementia Advisors, Dementia Resource Centres (DRCs) and Home Support), research and fundraising.

The key financial and operational performance indicators monitored by management include internal quality ratings, Care Inspectorate gradings, customer satisfaction survey results, social media presence and maintaining our level of staff turnover and sickness.

The Strategic Plan for 2016-19 was rolled out in October 2016 under the nine themes highlighted below:

1. Raising Awareness & Fundraising Marketing
2. Raising Profile
3. Influencing Change & Promoting Rights
4. Improving our Practice & Innovation in Localities
5. Investing in our People
6. International Engagement, Collaboration & Partnership
7. Research & Innovation
8. Raising Funds & Increasing Investment
9. Developing New Opportunities & Digital Transformation

Progress against the Strategy is reported to the Board every 6 months.

#### **Risk Management**

Effective risk management is at the heart of the successful delivery of our strategy and for protecting the future sustainability of Alzheimer Scotland. We continue to prepare for the challenging financial climate by ensuring that all our systems and processes are effective and efficient to support the delivery of our strategy. One of the main objectives of our strategic plan is to achieve significant efficiency savings in everything we procure and commission, as well as minimising all our non-essential costs. Our aim will be to protect the level, quality and scale of our frontline operations by reducing and controlling all other expenditure.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

Other risks that we face include:

- 1. Reputational risk** – we rely on all our staff delivering a high quality of service at all times to minimise risk as much as possible, as well as our internal procedures regarding our registered care, support services provision and administrative functions. We have a good external indicator of the success of high quality in our Care Inspectorate grades, which continue to be very good.
- 2. Financial risk** – maintaining sufficient funds to meet our charitable objective. We carefully monitor this risk through a system of financial reporting that compares actual results against the monthly budget. Our investments and reserves policies are set to ensure that we have the ability to cope with variations in income and retain adequate liquidity to meet liabilities as they arise. Credit risk on amounts owed through incoming resources is low.
- 3. Health and Safety** – this continues to be a risk priority for us. Operational procedures are in place that set out the appropriate best practice and standards to be followed and these are audited periodically to ensure compliance. We also have a robust training programme in place and only in January 2017 we sent all our Service Managers on an Institution of Occupational Safety and Health training programme. Also, planned for 2017/18 is the purchase of a new e-learning suite of training programmes that will make it easier for our staff to be taught relevant health and safety courses.
- 4. Information Security** – increasingly high on the risk programme of many organisations. It is vitally important that we defend our IT systems from malicious attacks and protect the personal data we hold from unauthorised access and misuse. We recently invested in additional protection measures and brought on board security consultants to help ensure that we remain secure. Policies and procedures are also in place for protecting data within the working environment.
- 5. Organisational Change and Sustainability** – key to delivering our strategy and business plans in a measured and successful manner. The major change we adopted in 2016 in removing ourselves from the bulk of our care at home services and with the creation of Caledonia Social Care has greatly reduced our reliance on local funding contracts going forward.
- 6. Strategic Risk** – relating to the external environment in which we operate. This continues to present uncertainties concerning the challenges and major changes facing social care partners, especially around funding. We manage the impact of these risks through our planning and performance processes.

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 (FAC) before being presented to the Board. Risk and Governance also forms a regular item in the Chief Executive's monthly reports to the Board.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

Review and assessment includes:

- Classifying and understanding 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 several key risks and agreeing strategies to mitigate and/or obviate each risk;
- Reporting to management and the Board about how those risks are managed, and monitoring of our potential exposure.

### **Staff**

Alzheimer Scotland is committed to employment policies which follow best practice and the upholding of the principle of equal opportunities, to create a working environment where staff are treated with dignity and respect, 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 have 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 role or, where possible, in an alternative position.

Our achievements are only possible with the support of the trained and talented people who work for Alzheimer Scotland and we remain committed to a policy of recruitment and promotion on the basis of aptitude without negative discrimination of any kind. Our staff continue to deliver a high quality of support and commitment to people with dementia, their families and carers. All new employees attend induction events throughout the country.

We regard ongoing, regular engagement with our employees as a top priority – we continue to build on the important role of the Staff Representative Group and now have representatives from many localities. 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.

### **Volunteering**

We are extremely pleased that our volunteer numbers have continued to grow over the last 12 months. We now have over 850 volunteers who undertake a variety of volunteering roles across Scotland. These volunteers give their time, dedication and expertise to support our activities, helping Alzheimer Scotland in its aim to make sure nobody faces dementia alone. Without the ongoing support and commitment of these volunteers we would not be able to deliver the range of activities we currently offer.

### **Policy and Campaigning**

Alzheimer Scotland's approach to developing public policy and changing practice has been developed and honed over many years. It is built on human rights-based principles, the participation of people with lived experience of dementia, our contribution in Scotland's communities, partnership and collaboration, building consensus, and gathering and presenting evidence from research. We take time to study and understand an issue, then develop evidenced-based models of practice designed to deliver high quality personal outcomes and support system redesign.



## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

### 1) Scotland's third National Dementia Strategy 2017-20

During 2016 we have been working with the Scottish Government and other partners to shape Scotland's third national dementia strategy, which will be published in the summer of 2017. We have worked to build consensus to ensure that the strategy includes a commitment to test our Advanced Dementia Practice Model (published in November 2015). This is a key element of Alzheimer Scotland's vision for transforming the lives of people with dementia which, together with our 5 Pillar Model of Post Diagnostic Support and 8 Pillar Model of Community Support, provide a comprehensive set of policy recommendations about how people with dementia should be supported, from prior to diagnosis to the end of life, in every setting. In addition, we have campaigned successfully for post diagnostic support to be shifted into primary care settings; this will begin with four innovation sites across Scotland during the term of the third national dementia strategy.

We have continued to work with Focus on Dementia on a collaborative improvement programme, now part of Health Care Improvement Scotland, involving health and social care organisations, including Scottish Government, and ourselves. Focus on Dementia provides national support to drive improvement in our key policy areas of post diagnostic support, the 8 Pillar Model, Acute Hospital Care and Specialist Dementia Care.

The 8 Pillars test sites ended in 2016 and the independent evaluation commissioned by the Scottish Government was completed in August 2016. Although not yet published by the Scottish Government, the evaluation has demonstrated that each of the test sites has made significant progress in better integrating and coordinating the services that are available to support people with dementia. However, it is evident that systemic barriers remain to fully empowering the role of Dementia Practice Coordinator to work with people with dementia and their families so as to utilise all of the elements of the 8 Pillar Model to shape and commission truly integrated and coordinated support. The third national dementia strategy will commit to rolling out the learning of the 8 Pillar Model and the Dementia Practice Coordinator approach and will be a key element of testing the Advanced Dementia Practice Model, which builds on the 8 Pillar Model.

### 2) Embedding national policy in local practice

In recent years we have made considerable progress in shaping dementia policy at both national and at local level within Scotland. Nevertheless, significant gaps remain in the investment to deliver the national commitments, particularly as regards meeting the national commitment for post diagnostic support. The context in which dementia policy is delivered has changed with the transition to integrated Health and Social Care Partnerships. Integrated Joint Boards (IJBs) have devolved authority and financial autonomy to make decisions about how to meet the health and social care needs of their local populations. This change has shaped our strategic decisions about, and organisational approach to, how we ensure that our public policy priorities to support people with dementia and those who care for them are fully funded and delivered at local level.

A strong focus for the policy team in 2016 has been supporting colleagues to build capacity in order to campaign proactively at a local level. We have developed and supported local involvement networks of people with dementia, family members and carers to work alongside us and campaign for our shared priorities by engaging with locally elected representatives and IJB officials. Over the past year the number of local involvement networks has grown to 30 across Scotland. We have also worked with local colleagues to ensure that our local and national involvement networks (the latter being the Scottish

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

Dementia Working Group and the National Dementia Carers Action Network) work closely together and are well informed to campaign on our shared priorities. Alongside our national groups, these growing local networks provide a strong and credible platform for influencing local decision makers and we will continue to build and support our networks to campaign effectively to deliver our priorities at local level.

Alongside this we have been bringing together an independent expert commission, led by Former First Minister Henry McLeish, to consider how IJBs can deliver these key dementia policies and close the gap in delivery at local level. This commission's focus will include taking forward the recommendation in our Advanced Dementia Practice Model that the needs of people with advanced dementia are primarily health care needs and should not be subject to social care charges. The commission will conclude later in 2017.

There continues to be a lack of investment at local level in the Link Workers charged with delivering post diagnostic support. This has resulted in growing waiting lists for post diagnostic support, alongside unacceptable variations in both quality and the referral process. The Policy Team continues to support local colleagues to make the case for greater and more secure funding of high quality post diagnostic support. In addition, we are working to secure greater emphasis on data collection; building on from merely quantitative to greater measures of quality which support better individual outcomes for people with dementia. This is in addition to system redesign through the improved use of resources, which can prevent or delay costly crisis interventions. A key element of this work is the primary care post diagnostic support innovation sites. As we go forward, supporting effective local engagement to influence IJBs and locally elected council representatives, so that we can ensure delivery of national policy commitments, will continue to be a major focus.

### 3) Healthcare

Our Alzheimer Scotland Dementia Nurse Consultants continue to support the Dementia Champions programme (which now has over 700 graduates), which works to deliver improvement in acute hospital care. Through 2016/17 we have been researching a key policy report, funded jointly by Alzheimer Scotland and the Scottish Government, which will set out the optimum model for specialist dementia care. This will outline the design and professional skill mix required to provide the highest quality of care for people with dementia who have the most complex needs. The report will also develop a model of safe transition for those whose needs do not require this level of specialist care. This report is at writing stage and will be published in Autumn 2017.

### 4) Participation, research, and international engagement

The Policy Team has also continued to be involved in other related (and sometimes specialised) areas of public policy, including responding to consultations on the forthcoming Scottish Parliament's new devolved social security powers; the review of National Care Standards; healthcare in prisons, justice and policing; engagement with IJBs; Mental Health and Adults with Incapacity legislation; and the Scottish Government's draft delivery plan to meet its statutory obligation for the United Nations Convention on the Rights of Persons With Disabilities. We have also participated in the Older People's Acute Hospital Care Improvement and Scrutiny review group; the Convention of Scottish Local Authorities' (COSLA) non-residential care charging review group; blue badge reform; and the Scottish Council for Voluntary Organisations (SCVO). In addition, we have contributed to Audit Scotland's review of the implementation of Self Directed Support in Scotland. We continue to

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

publish our monthly (internal) public policy updates for colleagues across the organisation to keep them informed of our work and developments in the wider policy landscape in Scotland.

Research evidence underpins all our public policy and campaigning work. In addition to our investments in our Dementia Research Centre and Brain Tissue Bank at Edinburgh University and our Centre for Policy and Practice at University of West of Scotland, we have developed strategic partnerships with a range of Scotland's universities based on the particular areas of research expertise of each institution. During this year we agreed further strategic partnerships with Glasgow Caledonian University, the University of St Andrews and Napier University.

Alzheimer Scotland's international reputation continues to grow and there is considerable interest in our human rights and evidence based approach to developing public policy. This continues to bring requests from international visitors, including health and social care professionals, other national Alzheimer's Associations, and elected officials. During 2016/17 we hosted several delegations from Japan, Denmark and Ireland. One of these visits was from the broadcaster NHK Japan, who made a follow up to their 2014 documentary, featuring the Scottish Dementia Working Group, about the involvement of people with dementia in shaping dementia policy and practice. These documentaries have been largely responsible for the development of Japan's own dementia working group.

Our support of dementia research, training and practice continued at universities across Scotland including the University of West of Scotland, where the Alzheimer Scotland Centre for Policy and Practice is based, and at the University of Edinburgh through the Alzheimer Scotland Dementia Research Centre. Bursary support continued for study programmes at the Universities of Edinburgh and Stirling and our strategic alliances with Queen Margaret University and Glasgow Caledonian University were further developed.

### **Services and Operations**

#### 1) Changes in home support

The portfolio and locality operational model of Alzheimer Scotland has continued to be reshaped and developed over the year. The major area of change has been in ensuring that the home support workforce was re-structured in preparation of the transfer from Alzheimer Scotland to a new employee-owned social enterprise, Caledonia Social Care, at the beginning of the financial year 2017/18. These changes have resulted in a reduction of workforce numbers but a significant improvement in contractual arrangements for remaining staff, while minimising any negative impact upon service users and their families. Further to this, we have also been able to allow home support with individuals we are supporting in a number of areas to come to appropriate and natural conclusions. We also worked with NHS Highland and others to safely transfer our two small day services in Wick and Thurso. Looking forward, we will continue to consider the ongoing development and enhancements of all our day services with renewed focus. We are also exploring how to provide our current support and services to people with a more advanced level of dementia.

#### 2) Link Workers

Link Workers have continued to provide high quality support to people post diagnosis; we entered our first tender process for link work in Glasgow and were successful. We continue to work with partners to develop the supports for link work, given the challenges of limited

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

resources. As previously highlighted, we continue to work to make the role financially secure, as a number of funding resources for this work continue to be short term in nature.

### 3) Our services

We have further developed our network of Dementia Resource Centres (DRC) with very successful openings in Glasgow and Stranraer. We are working to embed and expand the DRC model by focusing on what works well and ensuring the DRCs have excellent involvement and impact in each local area for people living with dementia and their families. We have a focus, both in our DRCs and other day care environments, on building what we can provide through Self-Directed Support.

The establishment of Caledonia Social Care, alongside our move away from care at home support, has reduced the number of our services regulated by the Care Inspectorate from 30 to 23. Of those services, 15 were inspected during 2016/17. 71% were graded 5 (“very good”) and 11% were graded 6 (“excellent”). 14% of services saw an improvement in one or more of their grades, 17% remained the same and 14% saw a drop in one or more of their grades.

The theme of Quality of Care and Support has consistently been our strongest and most improved; all 15 services inspected in 2016/17 were awarded grades of 5 or 6, an increase of 13%. Quality of Staffing also received grades of 5 & 6, an increase of 9%. Grades for Quality of Management and Leadership dropped by 10% and this gave us a number of improvement areas to focus upon, most of which have already been delivered.

Inspection reports highlighted the work that services do to support people to achieve positive outcomes, creative use of communication tools, a skilled and committed workforce and the contribution that volunteers make to enhance our services, as key strengths.

### 4) The Quality and Workforce Development Team

The team has grown this year with the addition of the first Dementia Learning Agent, who delivers dementia training to external customers, and the opening of our newly refurbished Learning Lounge at our Oxford Street premises in Glasgow to external customers.

The team continues to deliver training to Promoting Excellence standards, as well as to specific staff cohorts, such as the 2016 development programme designed specifically for Dementia Advisors and delivered monthly in 2016.

As a recognised ILM (Institute for Leadership and Management) Centre, our focus for 2016 was on Practice Team leaders, all of whom worked through a tailored leadership programme on leading practice and care.

Our Spotlight sessions continue to shine a light on innovation in dementia practice, with this year’s sessions including the work of Allied Health Professions, amongst others.

Our other significant partnership this year has been with The Lens, developing intrapreneurship through a Scottish Government supported programme that has resulted in 9 intrapreneurship projects being shortlisted for the final in June 2017. To support their ideas, finalists have had access to development workshops delivered by high-profile entrepreneurs including Bob Keiller, Chair of Scottish Enterprise.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

With our growing focus on localities, this year we have developed a locality learning model that supports change and integration of teams and functions. Although the focus on outcomes will be the constant, the model is as flexible as localities need it to be to meet their ambitions for delivering quality approaches and services for people with dementia and their carers.

### **Development**

#### 1) Technology

We were successful in obtaining another two years of technology funding in 2016; we have now created a very strong platform of collaboration across a wide range of groups and organisations. There are many new strands in development, particularly the national training programme that will commence in June 2017.

This additional funding will take our technology work into a new realm of influence that has the potential for massive impact across Scotland. We will work with the Scottish dementia workforce to highlight the importance of Technology Enabled Care (TEC) solutions at all stages of dementia. We will also continue with our testing work, to both support and act as a critical friend to others who have received similar funding to ensure a national approach to innovation.

We will continue to promote our *Technology Charter for People Living with Dementia* across Scotland, particularly with our colleague Sandra Shafii, who leads on the awareness work around the charter. We are writing supporting materials and assisting partners to sign up and make commitments to include the charter in their current dementia plans and use it to influence their everyday practice.

We will use the important work we started in developing the Technology Charter as the core vision and principles driving this change. The charter will be our mandate for change, as it is founded on a common set of core values and principles, so that people living with dementia in Scotland can benefit from technology to help them live as healthily, safely, securely and confidently as full citizens in society.

We have appointed three Senior Technology Co-ordinators (STCs) who will each be allocated a portfolio of Integrated Joint Board areas. We have designed a blended training programme which will be similar to Dementia Champions training; this will include face to face training, on site implementation of a change programme and an assessed piece of work. Over the two years we hope to achieve 400 Technology Enablers (TEs). These will be mainly frontline practitioners and we will ask the local area to contribute to this development by releasing staff to attend the programme.

The STCs will facilitate this by putting forward the evidence of potential resource savings against the small levels of investment required. Our aim will be to create a powerful force for change using this group as both role models and local change agents. The charter gives us the vision, the STCs provide the leadership and the TEs become the frontline change agents and advocates.

The TEs will lead on the grassroots change needed to apply technology-based solutions that enable people to live well, and will provide the workforce with the knowledge and support to implement a solutions-based approach that supports individual lifestyles.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

### 2) Dementia Dogs

The current Dementia Dog project is leading the way across the world in the development of services that bring dogs and people together to support people with dementia and their carers, and there is an opportunity to build on this exemplar project. The Dementia Dog team believe that there are significant opportunities to build on the learning from phase 1 of the project and develop a wider range of ways that people with dementia, and their carers, can have regular and positive interaction with a dog. The additional three years' funding we received from Life Changes Trust in 2016/17 will ensure these ambitions are realised.

With this funding we will:

1. Continue to provide aftercare support to the existing assistance dog teams. We will continue to document progress and understand the issues arising for the people we support as a way of better understanding how to develop the service;
2. Place a further eight assistance dogs and establish opportunities for the dogs to play a wider role in the community, if appropriate. This will build on the existing model whereby there is a partner carer to support the person with dementia;
3. Continue to support research and evaluation within every element of the project. This will include the issues relating to the health and wellbeing of both the person with dementia and their carer, as well as the economic benefits that could accrue from dogs working in these settings.

The project will be based in Castle Huntley Open Prison, where we will embark on an ambitious programme of dual social benefit; there will be opportunities for participants from the prison population to gain vocational qualifications in animal husbandry, to enhance prospects of employability on release from their custodial sentence.

### 3) Purple Alert

We have developed a downloadable application (app) for mobile devices. It has passed the testing phase and will be made available in Summer 2017

### 4) Dementia Circle

Our testing work has been critical to our design ethos across the organisation. We now have funding for a part-time website manager for the Dementia Circle site and this will be the national conduit for all the products we test, and share across the dementia community.

## **Communications & Marketing**

### 1) Events

In 2016 we moved our annual conference to the Edinburgh International Conference Centre and were delighted to welcome over 500 delegates and 50 exhibitors. The theme of the conference was 'Global to local: research, practice & innovation'. The programme included expert speakers from Scotland and the UK, Ireland, China and the USA, plus representatives from Alzheimer Europe and Alzheimer Disease International.

In addition, we again hosted the Scottish Dementia Awards with our partners at NHS Health Scotland, NHS Education for Scotland (NES) and the Scottish Social Services Council (SSSC), as well as our own Staff, Volunteers and Members' conference and the organisation's AGM.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

Our annual Christmas lecture featured Professor Richard Morris, co-winner of the 2016 Brain Prize – considered the “Nobel Prize” for neuroscience – and we welcomed 350 members and guests to The Hub in Edinburgh.

### 2) Membership

Membership over the year rose to nearly 8,500 and we had excellent member representation at key events including the annual conference, staff conference and AGM and the Christmas lecture. During the year, Henry Simmons, our Chief Executive, also undertook a series of locality engagement sessions around the country, supported by local teams and the Public Policy team. Local members were invited to these sessions along with local councillors, MSPs, Dementia Friends and local supporters. These sessions have been very successful, with most being attended by 30-40 local people and we plan to build on these and create an infrastructure of local dementia involvement networks that can influence the Integrated Joint Boards which now control local health and social care decision-making and budgets.

Dementia in Scotland magazine continues to be our main opportunity to communicate with our members and during the year we delivered three editions (spring, summer and autumn) with a readership of around 20,000.

### 3) Raising awareness

Dementia Awareness Week ran from 30 May to 5 June with a theme of ‘Let’s challenge dementia together’ and this reflected the year’s key fundraising campaign ‘Challenge Dementia’. Supporters, partner organisations, volunteers, members, branches and staff held awareness raising events throughout the week and we benefited from enhanced media coverage including week long programming on BBC Radio Scotland and the BBC website. Highlights included the BBC making their archive of audio and video clips available for reminiscence and excellent engagement with the Scottish Dementia Working Group on BBC Radio Scotland programmes.

Our online (digital) presence continued to develop throughout the year. Social media engagement is growing rapidly; by year end we had 18,000 followers on Facebook and 17,000 followers on Twitter. During the year we also introduced a new event website for our biggest seasonal fundraiser – the Memory Walks series which takes place each September. This new site allows people to locate their nearest walk, register and donate online.

Our media engagement during the year also increased. Dementia has become a key subject for national and local press and our attention was split between reactive response to press enquiries, particularly requests to comment on drug developments and risk reduction/prevention stories and proactive approaches to securing press coverage for our campaigns and fundraising activity. A particular success during the year was our partnership with the Sunday Post, which secured multiple features in the build up to Memory Walks 2016. An edition of ‘The Broons’ cartoon strip was also dedicated to the walks. In addition, our relationship with the Johnston Press group continues to develop, enabling us to contribute to and influence content across 25 regional press titles.

The launch of our tartan in the winter attracted a great deal of national and international press and social media attention, helped by the kind participation of film and TV actress Kate Dickie. The launch campaign helped promote sales of the Alzheimer Scotland tartan range in the lead up to the Christmas period.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

During the year we 'officially' opened three new Dementia Resource Centres in Angus, Bridgeton in Glasgow and Stranraer. These centres continue to help us bring dementia to the high street and are designed for and with people with dementia as hubs that offer information, advice, support and activities.

### **Fundraising**

Once again our fundraising income this year has performed well and indicates the continued dedication of our supporters, volunteers and colleagues to engage with our charity and act to ensure that we can sustain our important work. During the year, we have encouraged the fundraising teams to work collaboratively and maintain our ethical fundraising promise in achieving our organisational fundraising strategic goals and in January 2017 we held a fundraising summit to promote this fundraising vision.

#### 1) Corporate fundraising

Throughout the year, the Corporate Team has continued to actively prospect and build new business partnerships in Scotland. This has been the first year without a major cross-border partnership with Alzheimer Society and led by Alzheimer Society. It has also been the first time that our own corporate team has led on a cross border partnership, which saw the Scotmid partnership end at £125,000 over the initial target. This situation has meant working with a greater number of partners and managing a larger workload to bring in their target income. The year ended with the corporate team generating £652,000 income; £322,000 in partnerships, £244,000 in unsolicited corporate donations, £74,000 in corporate online donations and £12,000 in corporate Gift Aid income. The corporate team has cultivated a warm list of potential partners and have been carrying out extensive competitor monitoring to ensure that they are aware of when partnerships with other charities in Scotland are ending, so they can make a timely approach to that potential partner.

2016/17 corporate partners have included HSBC, Bilfinger GVA, Card Factory, Flight Centre and BNP Paribas. Corporate fundraising is an ever-changing function and it is essential not to rely on one category, such as Charity of the Year. We have embraced this approach and successfully explored other methods of income generation, such as payroll giving. We also now have in place a strategy to develop payroll giving and have produced a workplace leaflet.

#### 2) Trusts

We were successful in securing £150,000 of funding over two years from the People's Support Trust for running two 'Forget Me Not' befriending projects; an existing project in Fife and a new project in the Scottish Borders. The funding is being continuously monitored and there are already positive indications that the trust will continue funding the projects if we achieve the desired outcomes. We were also successful in receiving extended funding of £70,000 for our Dementia Friends Scotland project. This money will be used for core funding and development of the project.

#### 3) Events

We were recipients of proceeds from various gala balls, including our Crystal Ball at Prestonfield House which generated over £25,000.

We continued to attract supporters and participants for our array of challenge and sponsored events and had a record number of walkers for our signature 'Memory Walk' events which



## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

attracted over 3,000 walkers. Sponsorship and donations online from these events, alongside general donations prompted by them, resulted in £757,000 of income.

### 4) Donations

Unsolicited and general income generated £307,000 of income. We have identified funeral tribute giving as an area of growth and plan to explore online tribute giving, to offer families a means of donating online from friends who may not be able to attend a funeral in person.

Committed giving generated £288,000 and we have now set up an efficient online Direct Debit facility to grow this important income stream and to plan campaigns around it.

We have also improved our processes for processing Gift Aid and have bolstered the support team to ensure that all Gift Aid is processed and maximised. Total Gift Aid generated in 2016/17 was £244,000.

### 5) Merchandise

A new area of income generation has been our new tartan merchandise range. We launched this in September 2016 and its popularity in the lead up to Christmas meant that we sold out of our stock of scarves, generating over £35,000 in sales. We will continue to develop our merchandise and have introduced efficiencies in the storage, fulfilment and ordering process for other small items merchandise which are available free of charge to our services, such as pens and balloons.

### 6) Dementia Friends

During the year, we have also been working closely with our colleagues running the Dementia Friends Programme and have engaged with participating businesses to cultivate mutual benefits. This has had positive results; despite not having a formal partnership in place, Royal Bank of Scotland has agreed to support our 2017 Dementia Awareness Week activity by taking Tea & Blether fundraising packs into 200 branches. This sets a good precedent and is a great example of how the Dementia Friends Programme can lead to income generation and further engagement with workplace organisations and businesses. During the year (and following a project with the Young Scot organisation) we also successfully piloted a 'Young' Dementia Friends learning session in Calder Glen High School in East Kilbride. We will take the learnings from this work as the basis of a funding proposal to create a young person's version of the Dementia Friends programme.

## Financial review

We ended the financial year with a surplus of just over £717,000. This was as a result of an increase in the legacies received during the year and cost savings particularly staff salaries and expenses as a result of our re-design work and in preparation for the transfer of staff to Caledonia Social Care Limited.

The statement of financial activities shows that total income of £18,617,917 was down by 2.6% (£19,123,910 - 2015/16), and total expenditure of £17,999,733 was down by 5.7% (£19,090,790 - 2015/16). Net gains on investments were £99,767 (loss of £58,250 - 2015/16). This gives us the net surplus of £717,951 (deficit of £25,130 - 2015/16).

Tangible assets increased by 4.2% from £7,222,647 to £7,525,564, as a result of the refurbishment of properties in Glasgow and Stranraer that were purchased in the previous financial year, less overall depreciation. The refurbishment of these new properties

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

continues to increase 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 13 to the financial statements.

The group (being Alzheimer Scotland – Action on Dementia and Dementia Scotland Limited) has General Funds of £12,747,961 (£12,249,357 - 2015/16).

The general funds relate to services, branches and national office. Each service aims to have around twelve weeks' running costs as cash reserves, which makes both the unrestricted and restricted income funds greater than the £4.2 million required. The Board of Directors considers the key measure of sustainability for Alzheimer Scotland to be the current and future liquidity cover, rather than the surplus or loss accounting position. Directors have decided that at all times we should maintain cash and readily realisable assets sufficient to fund twelve weeks of cash outflow. The twelve weeks' running costs is to allow, in the event of having to close all services and projects, for having sufficient funds to ensure a safe closure in terms of Care Inspectorate and staff notice periods.

The Directors approve recommendations for the use of funds from the General Funds 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 group has restricted reserves of £1,320,527. This includes restricted income funds of £137,037, the restricted legacy reserve of £926,720, the research reserve of £247,770 and short breaks reserve of £9,000. 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 endowment fund of £122,623 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 £14,191,111 (5.3% increase on 2015/16), £5,367,212 of which is net current assets. The proportion of total reserves that is unrestricted is 90% (91% 2015/16).

The principal funding sources for Alzheimer Scotland are Local Authorities (39%), NHS Boards (12%), Scottish Government and specific grants (4%), fundraising, trusts and donations (25%), legacies (11%), private individual payments for SDS and home private purchase (5%) and other (4%).

Most of the organisation's expenditure is spent on care related services at 93.06%, support costs accounts for 7.28% - which includes Governance of 0.32%, fundraising 2.45%, campaigning 0.87%, research 1.57%, involvement 1.86% and awareness raising 0.19%.

The organisation's banking policy is to minimise risk by holding liquid reserves in interest-bearing bank accounts. The organisation's investment policy was extended so as to invest through external fund managers Sarasin. Initially £1 million was placed with them in 2014/15 which will help secure future growth and better returns than are presently enjoyed by holding cash in low interest rate accounts. This investment is closely monitored by the Finance Audit Committee (FAC) at all their meetings; in addition, the investment managers

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

will meet with the FAC and then separately with the Board on an annual basis to discuss the investments and markets in general. During the year Sarasin reinvested £218,357, into the funds, making our listed equities balance £1,163,629.

The investment income in 2016/17 of £59,745 (2015/16 £67,658) comprises is interest earned £22,336 and £37,409 income from our investments with Sarasin.

### **Future Plans**

During 2016 we restructured our local services and undertook an in-depth analysis of the best organisational model that could operate and grow within the current turbulent social care environment. As a result of this, we created a new employee-owned social enterprise, Caledonia Social Care (CSC), and in April 2017 we will transfer the majority of our care at home service contracts and support staff into this new entity. This new entity will be empowered to diversify its focus beyond dementia practice and will mean that every member of staff will have a meaningful role as an employee shareholder. CSC will be a close partner of Alzheimer Scotland across our localities and, as is already highlighted in the report, we will be the main funder and external shareholder in the medium term.

Developing CSC and transferring around 200 staff into this will create an opportunity for us to focus much more on the provision of our other locality-based services. This will include continuing to provide direct frontline support and information through our network of Dementia Advisors, extending our level of inclusive community opportunities and therapeutic peer group activities through our Community Activity Organisers and other projects, and protecting and seeking to grow the level of Link Workers and other post diagnostic support services.

Central to all of this will be the continued evolution and use of Dementia Resource Centres; in particular, we will focus on increasing the quality and therapeutic benefits of our registered day services. We will better support our extensive volunteer base and start to develop a model of volunteering within the Dementia Resource Centres to ensure maximum opening time and community benefit.

We will introduce a new model of community support called Community Connexions. This approach will be an alternative to basic home care and will be offered in advance of anyone needing more structured, centre-based day care. It will involve the development of an extensive range of community groups and activities, in parallel to providing an outreach service that will help people sustain their independence and self-management once their post diagnostic support has been concluded. We will pilot this work in Dundee, Fife and Midlothian using our existing funding base.

We will continue to develop a strong level of local engagement with our members, people with dementia, their carers and other local activists and we will use this local voice to influence the work of the Integrated Joint Boards in delivering on the National Dementia Strategy.

As a result of transferring such a significant proportion of our staff and service contracts we will reshape our senior management support and continue our drive to build on each of our localities.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

We will continue to build on our local community fundraising presence and will deliver the tangible benefits of this to many people across our localities through our direct community support. We will continue to grow our national fundraising initiatives and improve the synergy between national events and local activity by merging the leadership of all our fundraising staff within our national team.

These combined resources will allow us to maintain our main funding commitments to our Dementia Research Centres, Dementia Advisors, Dementia Friends, Dementia Nurses, Dementia Helpline and our vital Dementia Campaigns and Public Policy efforts.

We have introduced an initiative with a new partner organisation called The Lens. This project aims to find, support and develop new innovations and ideas through recruiting internal intrapreneurs and providing them with an in-depth training programme to convert these ideas into meaningful business plans. The process involves encouraging applications, setting up a panel of peers and organising a final event where winning ideas will be selected. This is currently being trialled in the central belt for phase one and will extend throughout Scotland in phase two during 2017/18.

Our Technology Team will introduce a substantial training and development programme. This team have also been developing and testing our Purple Alert scheme, which is an App-based system that will use registered volunteers to help find people with dementia who go missing. The Purple Alert scheme will be launched in August 2017, following the evaluation of final testing phases.

In May, after the completion of an extensive refurbishment, we will open our new Learning Lounge at our Oxford Street premises in Glasgow. This will be part of an effort to increase our provision of external dementia training and learning and will include the development of tailored engagement programmes for the many overseas and international visitors who wish to find out more about our work in Scotland. We will pilot this with the Alzheimer Scotland Centre for Policy and Practice at the University of the West of Scotland.

The theme of Dementia Awareness Week this year (once again in early June) will be “Friendship” and we will finish the week with our annual conference in Edinburgh with an anticipated 600+ delegates.

This year we will publish a new policy document that has been developed by our National Allied Health Professions Consultant called “Connecting People: Connecting Support”. This document will offer a clear vision and strategy of how we can improve engagement and support from the Allied Health Professionals in Scotland.

We will also establish a Commission that will explore in detail the challenges of people with dementia paying for care in the advance stages of the illness. This reflects the commitment we made to campaign on this issue as part of our Advanced Dementia Practice Model report, published in late 2015.

Our in-depth work exploring how we can improve Specialist Dementia Units will continue and we will provide the Scottish Government with a full report and model for service redesign by the end of the year.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

As a result of the increased public concern around football and dementia, we will reach out to the football community; through a summit in summer 2017, we will work with key partners in the football community and the research community to explore how best we can support further research, reassure the public and develop better support for formers players.

We will support the implementation of the next National Dementia Strategy and work closely with our partners in the Focus on Dementia Team and Promoting Excellence Team to continue to drive improvements in practice and support high quality education and training. We will work closely with the Scottish Dementia Working Group and the National Dementia Carers Action Network, alongside our broader members and activists, to ensure that the commitments in the strategy are delivered and that we see a meaningful change in the shift of diagnosis towards primary care, an increase in the level of Link Workers, the roll out of the 8 Pillar Model and the testing of our Advanced Dementia Practice Model.

Last year we extended our commitment to the Alzheimer Scotland Dementia Research Centre at the University of Edinburgh with a further five-year funding agreement. We will build a strong relationship with the new Centre for Dementia Prevention that has been established within the University of Edinburgh as well as continuing our support for the Alzheimer Scotland Centre for Policy & Practice at the University of the West of Scotland. We will continue to support our strong partnerships and strategic alliances with Queen Margaret University and Glasgow Caledonian University and maintain high levels of engagement with other institutions such as the Universities of Stirling, Glasgow and St Andrews.

In April we completed the final moves of our National Office to a new, modern, open-plan office space. This will increase the level of connectivity and team work between the various national teams and will ensure an even greater focus on our drive and commitment to maximise all our resources and talent to improve the lives of people with dementia and their carers.

### **Going concern**

The Directors have reviewed the financial position and financial forecasts, taking into account the levels of investment reserves and cash, and the systems of financial control and risk management. As a result of this, the Directors believe that we are well placed to manage financial and operational risks successfully.

Accordingly, the Directors have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis in preparing the annual accounts.

### **Statement of Directors' responsibilities**

The Directors (who are also the Trustees of Alzheimer Scotland for the purposes of charity law) are responsible for preparing the Directors Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Charity 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 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 group and charity and of the incoming resources and

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

application of resources, including the income and expenditure, of the group and charity for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

**Auditor**

BDO LLP has expressed its willingness to continue in office as auditor of the company. The Finance Audit Committee has reviewed and affirmed the effectiveness of the external auditor. A resolution will be proposed at the next AGM for the appointment of auditors.

**Provision of information to auditor at the time of approval of this report:**

- So far as the Directors are aware, there is no relevant audit information of which the auditor is unaware, and
- The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In approving the Directors' Annual Report, the Directors are also approving the Strategic Report in their capacity as Company Directors.

**By order of the Board of Directors**

  
.....

**Hon. Secretary and Director**

*Diane Goldberg*

Edinburgh 25<sup>th</sup> August 2017

For the year ended 31 March 2017

## **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 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows 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 directors and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's directors and members 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 and the charity's directors and members 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 trustees of the charitable company 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.

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 regulations made under 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the directors' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, which includes the strategic 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report and the strategic report.

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

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records or 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.

BDO LLP

Barbara Southern, Senior Statutory Auditor

for and on behalf of BDO LLP, Statutory Auditor

Edinburgh

United Kingdom

Date: 31 August 2017

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

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

**Consolidated Statement of Financial Activities  
Incorporating income and expenditure account**

For the year ended 31 March 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total £	2016 Total £
<b>Income and endowments from</b>						
Donations and legacies	4	6,044,124	441,178	0	<b>6,485,302</b>	6,257,173
Other trading activities	5	73,381	333,114	0	<b>406,495</b>	469,238
Income from charitable activities	6	1,103,908	10,493,288	0	<b>11,597,196</b>	12,329,841
Income from investments		54,301	4,929	515	<b>59,745</b>	67,658
Other		2,889	66,290	0	<b>69,179</b>	0
<b>Total income</b>		<b>7,278,603</b>	<b>11,338,799</b>	<b>515</b>	<b>18,617,917</b>	19,123,910
<b>Expenditure on</b>						
Raising funds	7	(438,790)	(1,329)	0	<b>(440,119)</b>	(539,341)
Charitable activities	8	(4,364,648)	(13,194,966)	0	<b>(17,559,614)</b>	(18,551,449)
<b>Total expenditure</b>		<b>(4,803,438)</b>	<b>(13,196,295)</b>	<b>0</b>	<b>(17,999,733)</b>	(19,090,790)
Net gains/(losses) on investments		99,767	0	0	<b>99,767</b>	(58,250)
<b>Net income/(expenditure)</b>		<b>2,574,932</b>	<b>(1,857,496)</b>	<b>515</b>	<b>717,951</b>	(25,130)
Transfers between funds	20,21	(2,076,328)	2,076,328	0	<b>0</b>	0
<b>Net movement in funds</b>		<b>498,604</b>	<b>218,832</b>	<b>515</b>	<b>717,951</b>	(25,130)
<b>Reconciliation of funds</b>						
Total funds brought forward		12,249,357	1,101,695	122,108	<b>13,473,160</b>	13,498,290
<b>Total funds carried forward</b>	20-22	<b>12,747,961</b>	<b>1,320,527</b>	<b>122,623</b>	<b>14,191,111</b>	13,473,160

The consolidated statement of financial activities includes all gains and losses recognised in the year.

Prior year comparative breakdown across funds is shown in Note 3.

All results reflect continuing operations.

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

**Consolidated and Company Balance Sheets**


**At 31 March 2017**

	Notes	Group		Company	
		2017 £	2016 £	2017 £	2016 £
<b>Fixed assets</b>					
Tangible assets	13	<b>7,525,564</b>	7,222,647	<b>7,525,564</b>	7,222,647
Investments	14	<b>1,173,335</b>	1,036,158	<b>1,173,335</b>	1,036,158
Investments in subsidiary and associate undertakings	15	<b>125,000</b>	0	<b>126,000</b>	1,000
<b>Total fixed assets</b>		<b>8,823,899</b>	8,258,805	<b>8,824,899</b>	8,259,805
<b>Current assets</b>					
Debtors	16	<b>2,199,127</b>	1,918,884	<b>2,195,127</b>	1,941,612
Loan to associate – due in more than one year	16	<b>475,000</b>	0	<b>475,000</b>	0
Cash at bank and in hand		<b>5,380,512</b>	5,290,497	<b>5,363,071</b>	5,261,624
<b>Total current assets</b>		<b>8,054,639</b>	7,209,381	<b>8,033,198</b>	7,203,236
<b>Liabilities</b>					
Creditors: amounts falling due within one year	17	<b>(2,687,427)</b>	(1,995,026)	<b>(2,666,986)</b>	(1,974,034)
<b>Net current assets</b>		<b>5,367,212</b>	5,214,355	<b>5,366,212</b>	5,229,202
<b>Total assets less current liabilities</b>		<b>14,191,111</b>	13,473,160	<b>14,191,111</b>	13,489,007
<b>Funds</b>					
Restricted income funds	21	<b>1,320,527</b>	1,101,695	<b>1,320,527</b>	1,101,695
Endowment funds	22	<b>122,623</b>	122,108	<b>122,623</b>	122,108
<b>Total restricted funds</b>		<b>1,443,150</b>	1,223,803	<b>1,443,150</b>	1,223,803
Unrestricted funds	20	<b>12,747,961</b>	12,249,357	<b>12,747,961</b>	12,265,204
<b>Total unrestricted funds</b>		<b>12,747,961</b>	12,249,357	<b>12,747,961</b>	12,265,204
<b>Total Funds</b>		<b>14,191,111</b>	13,473,160	<b>14,191,111</b>	13,489,007

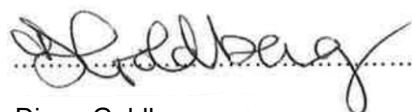
Parent company result: The surplus for the year of the company is £702,104 (2015/16 deficit £9,283).

No separate Statement of Financial Activities has been presented for the company alone, as permitted by section 408 of the Companies Act 2006.

The financial statements were authorised and approved by the directors on 25th August 2017 and were signed on its behalf:



Ian Bell  
Treasurer and Director



Diane Goldberg  
Hon. Secretary and Director

Company registration number SC149069  
Charity number SC022315

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

**Consolidated statement of Cash Flows**

**For the year ended 31 March 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Net income/(expenditure) for the reporting period (as per statement of financial activities)	717,951	(25,130)
Depreciation charges	473,563	433,198
(Increase)/decrease in debtors	(280,243)	270,245
Increase/(decrease) in creditors	57,247	(442,558)
(Gains)/losses on investments	(92,568)	58,250
Gain on disposal of fixed assets	(69,179)	0
Donated asset	(22,645)	0
Dividends, interest and rents from investments	(59,745)	(67,658)
<b>Net cash provided by (used in) operating activities</b>	<b>724,382</b>	<b>226,347</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of fixed assets	90,889	0
Purchase of fixed assets	(740,392)	(1,509,155)
Proceeds from sale of investments	183,432	0
Purchase of investments	(218,357)	(43,809)
Dividends, interest and rents from investments	59,745	67,658
Purchase of fixed term deposits	(11,927)	(14,344)
<b>Net cash provided by (used in) investing activities</b>	<b>(636,610)</b>	<b>(1,499,650)</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>87,772</b>	<b>(1,273,303)</b>
<b>Cash and cash equivalents at start of year</b>	<b>2,760,138</b>	<b>4,033,441</b>
<b>Cash and cash equivalents at end of year</b>	<b>2,847,910</b>	<b>2,760,138</b>
<b>Analysis of cash and cash equivalents</b>		
	2017 £	2016 £
Cash in hand – bank	1,832,204	1,760,116
Cash held by investment manager	9,706	22
Notice deposits (less than 3 months)	1,000,000	1,000,000
<b>Total for cash flow purposes</b>	<b>2,847,910</b>	<b>2,760,138</b>
Term deposits	2,542,308	2,530,381
Less cash held by investment manager	(9,706)	(22)
<b>Total Cash at bank and in hand</b>	<b>5,380,512</b>	<b>5,290,498</b>

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

### 1. General information

Alzheimer Scotland – Action on Dementia is a registered charity and company limited by guarantee, incorporated in Edinburgh, Scotland, company number SC149069. The nature of the Group's operations and activities are set out on page 5. The charity is registered at 160 Dundee Street, Edinburgh, EH11 1DQ.

### 2. Accounting policies

#### (a) Basis of accounting

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charity and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires the Charity to exercise judgement in applying the entity accounting policies (see Note 2(w) below).

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The Statement of Financial Activities and balance sheet consolidate the financial statements of the company, its subsidiary and its associate undertakings. The results of the subsidiary are consolidated on a line by line basis. Our associate Caledonia Social Care Limited will be consolidated on the equity method in future years once trading commences.

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. Alzheimer Scotland – Action on Dementia constitutes a public benefit entity as defined by FRS 102.

The group's functional and presentational currency is GBP. No level of rounding has been applied to these financial statements.

In accordance with Section 1 of FRS102, exemption has been taken from disclosing a statement of cash flows for the charitable parent company.

#### (b) 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.

#### (c) 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 including government grants.

Deferred income represents amounts received either for future periods or before any performance conditions attached to the grants have been met. Deferred income is released to incoming resources in the period either for which it has been received or in which the performance conditions have been met.

#### (d) Donations and legacies

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

#### (e) Membership subscriptions

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

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

### (f) Donated goods/services

On receipt, donated goods are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt or capitalised where they relate to capital items.

### (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 expenditure

Raising 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 enables Alzheimer Scotland – Action on Dementia 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.

### (j) Tangible fixed assets

All fixed assets costing over £5,000 (2015/16 £5,000) including VAT are capitalised and depreciated.

### (k) Cash flow and liquid resources

Cash flows comprise increases and decreases in cash and include cash in hand and cash at bank. Liquid resources comprise assets held as a readily disposable store of value. They include cash term deposits and bank notice accounts. Cash and cash equivalents comprise cash at bank, cash on deposit where funds can be accessed without penalty within three months or less from opening the account and cash held with the investment manager. There are two bank accounts established on 90 day access terms, the purpose of this is secure a higher rate of interest, there are interest penalties if access is needed before the 90 days expires, however this is factored into the cash-flow models to avoid such a development.

### (l) Fund accounting

The general reserve comprises accumulated unrestricted surpluses and deficits. Restricted funds are subject to restrictions imposed by the donor. The Endowment fund, which is permanent, represents the amount for which the capital must be retained and invested.

### (m) Investments

Investments are revalued monthly so that when investments are sold, gains or losses which arose before the previous year-end have already been recognised. The Statement of Financial Activities includes unrealised movements in value arising from investment changes or revaluation at the year end, together with realised gains and losses on disposal of investments.

### (n) Associates

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of financial activities includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in associated undertakings and joint ventures are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition. Any premium on acquisition is dealt with in accordance with the goodwill policy.

### (o) 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

### (p) Pension costs

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.

### (q) Value added tax

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

### (r) Financial instruments

Financial assets and liabilities are initially measured at transaction price (including transaction costs). The Group only has financial assets and liabilities of a kind that qualify as basic financial instruments. An analysis is given in note 19.

### (s) Going Concern

The organisation has strong reserves of over £14m, which includes cash and debtors exceeding £7.5m. The trustees are of the view that the future plans of the organisation are sound and measures taken subsequent to the year-end to reduce operating costs have secured the long-term future of the organisation and that on this basis the charity is a going concern.

### (t) Holiday pay

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.

### (u) Termination benefits

Alzheimer Scotland – Action on Dementia accepts that there are occasions when it may be necessary to make staff redundant and terminate their employment; our intention is to manage the business in a manner which results in secure employment for our employees and will always try to avoid the need for compulsory redundancies. Payments for redundancy are calculated on the basis of paying the statutory entitlements or above.

### (v) Dilapidation provision

Our practice is to ensure that premises are maintained to a good standard throughout the lease term, such that the obligation arising at the end of the lease term is minimised. Under previous UK GAAP our accounting policy was to recognise the maintenance costs as incurred. Following FRS 102, dilapidations costs are now estimated and a provision has been established based on the estimated dilapidation costs of the individual leased properties, this is then adjusted as maintenance costs are incurred and new leases are taken out.

## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

(w) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determined whether leases entered into by the group either as a lessor or a lessee are operating or lease or finance leases, this depends on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determined whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and the viability and expected future performance of that asset.

Other key sources of estimation uncertainty

Tangible fixed assets (see note 13)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### 3. SOFA prior year comparison disclosure

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total £
<b>Income and endowments from</b>				
Donations and legacies	5,914,463	342,710	0	6,257,173
Other trading activities	142,465	326,773	0	469,238
Income from charitable activities	1,226,955	11,102,886	0	12,329,841
Income from investments	60,820	6,081	757	67,658
<b>Total income</b>	<b>7,344,703</b>	<b>11,778,450</b>	<b>757</b>	<b>19,123,910</b>
<b>Expenditure on</b>				
Raising funds	(538,230)	(1,111)	0	(539,341)
Charitable activities	(4,197,410)	(14,354,039)	0	(18,551,449)
<b>Total expenditure</b>	<b>(4,735,640)</b>	<b>(14,355,150)</b>	<b>0</b>	<b>(19,090,790)</b>
Net gains/(losses) on investments	(58,250)	0	0	(58,250)
<b>Net income/(expenditure)</b>	<b>2,550,813</b>	<b>(2,576,700)</b>	<b>757</b>	<b>(25,130)</b>
Transfers between funds	(2,392,065)	2,392,065	0	0
<b>Net movement in funds</b>	<b>158,748</b>	<b>(184,635)</b>	<b>757</b>	<b>(25,130)</b>
<b>Reconciliation of funds</b>				
Total funds brought forward	12,090,609	1,286,330	121,351	13,498,290
<b>Total funds carried forward</b>	<b>12,249,357</b>	<b>1,101,695</b>	<b>122,108</b>	<b>13,473,160</b>

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)  
For the year ended 31 March 2017

#### 4. Donations and legacies

	2017	2016
	£	£
Donations	3,853,443	3,914,223
Donated goods (asset)	22,645	0
Legacies	2,008,665	1,875,364
Trust grants	600,549	467,586
<b>Total</b>	<b>6,485,302</b>	<b>6,257,173</b>

#### 5. Other trading activities

Other trading activities	2017	2016
	£	£
Events	156,597	224,474
Appeals and direct marketing	1,160	3,125
Merchandise sales	6,483	11,554
Dementia Scotland including shops	242,255	230,085
<b>Total</b>	<b>406,495</b>	<b>469,238</b>

#### 6. Income from charitable activities

	Provision of care related services	Awareness raising	Campaigning	Involvement	2017 Total	2016 Total
	£	£	£	£	£	£
Public funding	10,043,484	42,139	68,165	339,500	10,493,288	11,102,886
Service user income	996,081	0	0	0	996,081	1,124,936
Other charitable income	28,245	1,785	74,567	3,230	107,827	102,019
<b>Total</b>	<b>11,067,810</b>	<b>43,924</b>	<b>142,732</b>	<b>342,730</b>	<b>11,597,196</b>	<b>12,329,841</b>

#### Public funding included the following Scottish Government grants:

	2017	2016
	£	£
TEC Funding – Development	247,170	50,000
Dementia Nurses Funding	204,733	196,983
AHP Project	172,500	187,665
Section 10, Social Work (Scotland) Act 1968	167,000	100,000
National Dementia Programme – JIT	10,965	78,968
Focus on Dementia - Policy	2,467	14,905
Promoting Excellence Funding	0	25,000
Dementia Dialogue events	0	30,000
Section 16 Scottish Government HL	0	7,640
Stress Reduction – Development	0	5,000
Shifting the Paradigm	0	4,262
NHS Scotland Event	0	1,800
<b>Total</b>	<b>804,835</b>	<b>702,223</b>



## ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

### 7. Raising funds

	Activities undertaken directly £	Support costs (Note 9) £	2017 Total £	2016 Total £
Fundraising costs	198,678	16,109	<b>214,787</b>	297,259
Trading activities	225,332	0	<b>225,332</b>	242,082
<b>Total</b>	<b>424,010</b>	<b>16,109</b>	<b>440,119</b>	539,341

Types of activities undertaken to generate funds were trust applications, events, appeals and shops. Support costs are calculated at 7.5% of fundraised costs. This is the percentage calculated to cover national office support functions including Human Resources, IT, Finance and Governance costs.

### 8. Charitable activities

	Activities undertaken directly £	Support Costs (Note 9) £	2017 Total £	2016 Total £
Provision of care related services	15,494,238	1,256,289	<b>16,750,527</b>	17,899,307
Awareness raising	32,443	2,630	<b>35,073</b>	4,726
Campaigning	144,315	11,701	<b>156,016</b>	140,174
Involvement	310,255	25,156	<b>335,411</b>	166,616
Research	282,587	0	<b>282,587</b>	340,626
<b>Total</b>	<b>16,263,838</b>	<b>1,295,776</b>	<b>17,559,614</b>	18,551,449

Operating lease rentals of £98,918 (2016 £61,563) are included in activities undertaken directly.

### 9. Analysis of support costs

	Fundraising incl. shops £	Provision of care related services £	Awareness Raising £	Campaigning £	Involvement £	2017 Total (Note 7&8) £	2016 Total £
<b>Support cost</b>							
Governance	1,355	54,954	92	772	467	<b>57,640</b>	54,096
Management	3,628	295,439	624	2,688	6,072	<b>308,451</b>	244,094
Finance	3,465	282,117	596	2,566	5,798	<b>294,542</b>	439,538
IT	4,281	348,549	736	3,171	7,163	<b>363,900</b>	388,298
Human resources	3,380	275,230	582	2,504	5,656	<b>287,352</b>	262,079
<b>Total</b>	<b>16,109</b>	<b>1,256,289</b>	<b>2,630</b>	<b>11,701</b>	<b>25,156</b>	<b>1,311,885</b>	1,388,105

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

### 10. Governance costs

Governance costs	2017 £	2016 £
Audit fees	21,220	19,798
Non-audit fees for tax compliance	108	138
Directors' indemnity insurance	1,095	1,748
Directors' meetings and other costs (includes AGM costs)	35,217	32,412
<b>Total</b>	<b>57,640</b>	54,096

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

Within Directors' meetings and other costs, 5 members of the Board received travel and subsistence expenses of £3,378 (2016 - 7 members received £6,273). The organisation has put in place qualifying third party indemnity provisions for all of the directors of the Group.

## 11. Staff payroll costs and numbers

Staff payroll costs and numbers	2017	2016
	£	£
Wages and salaries	10,972,052	11,823,322
Social security costs	781,740	798,461
Pension costs	474,105	512,142
Redundancy and termination	290,834	164,666
<b>Total</b>	<b>12,518,731</b>	<b>13,298,591</b>

Number of employees earning between £60,000 and £70,000	2	2
Number of employees earning between £70,000 and £80,000	0	0
Number of employees earning between £80,000 and £90,000	1	1

The average number of full time equivalent employees during the year was 429, which comprised 318 support staff and 111 administrative staff (2016: 346 support staff, 109 administrative - 455).

## 12. Key Management and Related parties

The total amount of the five key management personnel is £382,477 (2016 - £373,716).

These management personnel are the Executive Directors who are authorised by the Board to make decisions on the day to day running of the organisation. This includes financial, staffing and operational decisions. The remuneration of the charity's key management is set, monitored and reviewed by a Remuneration Committee, subject to final Board approval. The overall pay award budget for the key management posts will take into account factors such as external benchmarking, performance of individual role holders and other factors such as affordability, etc.

No trustees received any remuneration from the company during the year (2016 - £nil).

David McClements, a member of Board and a member of Russell + Aitken, which received £4,437 (2016 - £5,032) for legal advice given during the year at their standard price.

Douglas Philips, a member of Board until August 2016, received £8,412 not in relation to trusteeship duties, but in relation to his consultancy on the Focus on Dementia project which ended October 2016 (2016 - £49,372).

Alzheimer Scotland hold 31% of the shares in Caledonia Social Care Limited and has a significant influence over the entity and as such this has been recorded as an associate company. Included within Investments in Associates, Note 15 and Long term Debtors, Note 16 is a provision for amounts paid in April 2017 to Caledonia Social Care Limited of £125,000 share capital and £475,000 interest-bearing loan.

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

**13. Tangible fixed assets**

<b>Group and Company</b>	<b>Freehold property</b>	<b>Leasehold property</b>	<b>Motor vehicles</b>	<b>Fixtures &amp; Fittings</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost</b>					
At beginning of the year	7,196,930	173,329	259,741	1,870,953	9,500,953
Additions	555,318	0	22,645	239,813	840,097
Disposals	(39,000)	0	0	(58,179)	(97,179)
<b>At end of the year</b>	<b>7,713,248</b>	<b>173,329</b>	<b>282,386</b>	<b>2,074,908</b>	<b>10,243,871</b>
<b>Depreciation</b>					
At beginning of the year	(941,906)	(108,332)	(215,622)	(1,012,446)	(2,278,306)
Depreciation	(149,543)	(4,333)	(16,214)	(303,473)	(473,563)
Disposals	17,290	0	0	16,272	33,562
<b>At end of the year</b>	<b>(1,074,159)</b>	<b>(112,665)</b>	<b>(231,836)</b>	<b>(1,299,647)</b>	<b>(2,718,307)</b>
<b>Netbook value at the beginning of the year</b>	<b>6,255,024</b>	<b>64,997</b>	<b>44,119</b>	<b>858,507</b>	<b>7,222,647</b>
<b>Netbook value at end of the year</b>	<b>6,639,089</b>	<b>60,664</b>	<b>50,550</b>	<b>775,261</b>	<b>7,525,564</b>

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

#### 14. Investments - funds

Investments – funds	2017 £	2016 £
<b>Market value:</b>		
At 1 April 2016	1,036,136	1,050,577
Purchase of investments at cost	218,357	43,809
Disposals at opening book value	(183,432)	0
	1,071,061	1,094,386
Movement in market value	92,568	(58,250)
Management fees	0	0
Cash held for investment	9,706	22
<b>At 31 March 2017</b>	<b>1,173,335</b>	<b>1,036,158</b>
<b>Represented by:</b>		
Listed equities	1,163,629	1,036,136
Cash held for investment purposes	9,706	22
	1,173,335	1,036,158
Fixed income	297,089	373,272
UK equities	290,944	196,608
Global equities	393,453	319,040
Property	87,617	54,265
Alternative investments	68,877	51,842
	1,137,980	995,027
Liquid investments	25,649	41,109
Cash	9,706	22
<b>At 31 March 2017</b>	<b>1,173,335</b>	<b>1,036,158</b>
<b>Historical cost:</b>		
Listed equities	1,077,102	1,043,809
Cash held for investment purposes	9,706	22
	1,086,808	1,043,831

Listed investments include overseas investments of £535,041 (45.6%) (2016: £434,150, 41.9%). No individual holding was found to represent in excess of 5% of the market value of Alzheimer Scotland's portfolio.

The Directors consider the value of the investments to be supported by their underlying assets, as appropriate.

#### 15. Investments – subsidiary and associate undertakings

	Group £	Company £
At 1 April 2016	0	1,000
Additions	125,000	125,000
<b>At 31 March 2017</b>	<b>125,000</b>	<b>126,000</b>

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

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

Subsidiary	Principal activity	Class of Share	Holding %	Aggregate capital and reserves £	Surplus after gift aid for year £
Dementia Scotland Limited 160 Dundee Street, Edinburgh, EH11 1DQ SC296817	Retail & Events (minimum sponsorship)	Ordinary	100	1,000	15,847
<b>Dementia Scotland Limited - Summary of Results</b>				<b>2017</b>	<b>2016</b>
				£	£
Turnover				<b>242,255</b>	230,084
Operating expenses – operations				<b>(225,332)</b>	(242,082)
Operating expenses - audit fees				<b>(4,000)</b>	(3,850)
Gift to Alzheimer Scotland - Action on Dementia				<b>2,924</b>	0
				<b>15,847</b>	<b>(15,847)</b>
<b>Net assets</b>				<b>1,000</b>	<b>(14,847)</b>

Associate	Principal activity	Class of Share	Holding %	Aggregate capital and reserves £
Caledonia Social Care Limited, 81 Oxford Street, Glasgow G5 9EO SC537263	Provision of care at home	Ordinary	31	125,000

On the 31 March 2017, the group acquired 31% of the shareholding of Caledonia Social Care Limited. Caledonia Social Care Limited was incorporated in June 2016 and has limited activity in the period ending 31 March 2017. The Directors therefore consider there to be an immaterial difference between the cost of the shares and the group's share of identifiable net assets as at 31 March 2017.

## 16. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Service debtors	471,629	869,252	471,629	869,252
Other Debtors	1,414,102	745,268	1,445,639	852,268
Prepayments	313,396	304,364	277,859	247,092
<b>Total</b>	<b>2,199,127</b>	<b>1,918,884</b>	<b>2,195,127</b>	<b>1,941,612</b>
	2017	2016	2017	2016
	£	£	£	£
Loan to associated undertaking – due in more than one year	475,000	0	475,000	0

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

### 17. Creditors: amounts falling due within one year

	Notes	Group		Company	
		2017	2016	2017	2016
		£	£	£	£
Deferred income	18	926,820	730,653	918,070	722,341
Trade creditors		341,849	253,054	339,766	249,812
Accruals		451,866	679,567	444,059	672,871
Other creditors		111,906	63,927	111,820	62,901
Amounts due to associated undertakings		600,000	0	600,000	0
Pension costs		48,225	52,521	48,188	52,484
Social security costs and other taxes		206,761	215,304	205,083	213,625
<b>Total</b>		<b>2,687,427</b>	<b>1,995,026</b>	<b>2,666,986</b>	<b>1,974,034</b>

### 18. Deferred income

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Balance brought forward	730,653	780,941	722,341	701,386
Deferred income receivable	926,820	730,653	918,070	722,341
Deferred income released to statement of financial activities	(730,653)	(780,941)	(722,341)	(701,386)
<b>Balance carried forward</b>	<b>926,820</b>	<b>730,653</b>	<b>918,070</b>	<b>722,341</b>

Deferred income comprises payments received in advance of the expenditure made of before any performance conditions attached to the items of income have been met. The amounts below mostly refer to payments in advance for our AHP project, Dementia Nurse Consultants and other smaller grants.

### 19. Financial Instruments

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
<b>Financial Assets</b>				
Financial Assets at fair value through income & expenditure	1,298,335	1,036,158	1,229,335	1,037,158
Financial assets measures at amortised cost	7,741,243	6,905,017	7,755,339	6,956,144
<b>Financial Liabilities</b>				
Financial Liabilities measured at amortised cost	1,533,846	1,049,069	1,543,833	1,038,069

Financial assets and liabilities are initially measured at transaction price (including transaction costs). The Group only has financial assets and liabilities of a kind that qualify as basic financial instruments.

Financial assets at fair value include investments held with Sarasin, cash held for investment purposes (note 14) and Investments in subsidiary and associate undertakings (note 15).

Financial assets measured at amortised cost include cash at bank and in hand, loans to associates, service debtors and other debtors.

Financial liabilities measured at amortised cost is measured at initial recognition less any repayments of the principal and these include trade creditors, other creditors, amounts due to associated undertakings, accruals and pension contributions.

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA

(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

**20. Unrestricted Funds**

	Fund balances brought forward	Income	Investment gain	Expenditure	Transfers	Fund balances carried forward
	£	£	£	£	£	£
General funds	12,265,204	7,036,348	97,767	(4,574,106)	(2,079,252)	12,747,961
<b>Total company unrestricted funds</b>	<b>12,265,204</b>	<b>7,036,348</b>	<b>97,767</b>	<b>(4,574,106)</b>	<b>(2,079,252)</b>	<b>12,747,961</b>
Subsidiary undertaking profit and loss account reserves	(15,847)	242,255	0	(229,332)	2,924	0
<b>Total group unrestricted funds</b>	<b>12,249,357</b>	<b>7,278,603</b>	<b>99,767</b>	<b>(4,803,438)</b>	<b>(2,076,328)</b>	<b>12,747,961</b>

The Board of Alzheimer Scotland – Action on Dementia established a legacy policy to ensure that the most efficient use is made of legacy income.

The transfers column shows the charity 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 and includes; internal funding relating to any service development plans, transferred to cover redesign of services, reserves covering all our fixed assets and internal rents paid by services housed within owned properties.

**21. Restricted funds**

	Notes	Fund balances brought forward	Income	Expenditure	Transfers	Fund balances carried forward
		£	£	£	£	£
Income funds:						
National Office	a	(5000)	866,536	(1,093,024)	260,892	29,404
Services	b	0	9,616,755	(11,600,558)	1,983,803	0
Dementia Initiative	c	42,434	11,500	(11,202)	(42,732)	0
Life Changes Trust - Dementia friendly communities	d	10,696	14,956	(20,110)	0	5,542
Life Changes Trust - Befriending and peer support	e	0	31,391	(41,499)	10,108	0
Life Changes Trust - Befriending and peer support	f	13,155	29,092	(22,370)	0	19,877
Life Changes Trust - Dementia friendly communities	g	48,205	139,408	(139,387)	0	48,226
Life Changes Trust - Dementia dog	h	0	84,572	(58,512)	7,928	33,988
		<b>109,490</b>	<b>10,794,210</b>	<b>(12,986,662)</b>	<b>2,219,999</b>	<b>137,037</b>
Other funds:						
Restricted legacy reserve	i	647,235	357,145	(7,060)	(70,600)	926,720
Research reserve	j	336,111	160,181	(183,522)	(65,000)	247,770
Short Break reserve	k	931	27,263	(19,051)	(143)	9,000
Dementia Dogs reserve	l	7,928	0	0	(7,928)	0
		<b>992,205</b>	<b>544,589</b>	<b>(209,633)</b>	<b>(143,671)</b>	<b>1,183,490</b>
<b>Total company and group restricted funds</b>		<b>1,101,695</b>	<b>11,338,799</b>	<b>(13,196,295)</b>	<b>2,076,328</b>	<b>1,320,527</b>

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

Notes:

- a. Income from Local authorities and Scottish Government restricted to various projects includes SDS work, AHP post and Internships, Dementia dialogue and Section 10 grant relating to Social work.
- b. Income from Local authorities, Health boards and Scottish Government restricted to core service delivery.
- c. Dementia initiative funded by NHD Highland based in Aberdeen.
- d. Life changes trust - Dementia friendly community 3 year project based in West Dunbartonshire.
- e. Life changes trust – Befriending and peer support 5 year project based in Glasgow.
- f. Life changes trust – Befriending and peer support 5 year project based in Lanarkshire.
- g. Life changes trust - Dementia friendly community 3 year project based in Dumfries.
- h. Life changes trust - Dementia dogs 3 year assistance dog project, nationwide.
- i. Restricted legacy reserve income is from bequests that specify an area or purpose for the donations to be spent.
- j. Research reserve income is where bequests and donations specify to fund research into dementia.
- k. Short Break reserve income is received to fund short breaks for service users and their carers.
- l. Dementia Dogs reserve transferred to the life changes trust Dementia assistance dog project.

Income funds include funds received through local authorities which must be spent in accordance with the conditions imposed by the relevant authority. The transfers column shows the charity 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 and includes; internal funding relating to any service development plans, transferred to cover redesign of services, reserves covering all our fixed assets and internal rents paid by services housed within owned properties.

The subsidiary companies have no restricted funds.

## 22. Endowment fund

	Group and Company	
	2017	2016
	£	£
<b>The Michael Clutterbuck Bequest</b>		
Opening Balance	122,108	121,351
Interest	515	757
	122,623	122,108
Expenditure	0	0
<b>Closing balance</b>	<b>122,623</b>	122,108

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 – Action on Dementia the sum of £100,000 is to be retained.



ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)

For the year ended 31 March 2017

### 23. Analysis of assets and liabilities among funds

	General Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£	£
<b>2017</b>					
<b>Company</b>					
Tangible fixed assets	7,525,564	0	0	0	7,525,564
Investments	1,299,335	0	0	0	1,299,335
Net current assets	3,923,062	0	1,320,527	122,623	5,366,212
<b>Total</b>	<b>12,747,961</b>	<b>0</b>	<b>1,320,527</b>	<b>122,623</b>	<b>14,191,111</b>
<b>Group</b>					
Tangible fixed assets	7,525,564	0	0	0	7,525,564
Investments	1,298,335	0	0	0	1,298,335
Net current assets	3,924,062	0	1,320,527	122,623	5,367,212
<b>Total</b>	<b>12,747,961</b>	<b>0</b>	<b>1,320,527</b>	<b>122,623</b>	<b>14,191,111</b>
<b>2016</b>					
<b>Company</b>					
Tangible fixed assets	7,222,647	0	0	0	7,222,647
Investments	1,037,158	0	0	0	1,037,158
Net current assets	4,005,399	0	1,101,695	122,108	5,229,202
<b>Total</b>	<b>12,265,204</b>	<b>0</b>	<b>1,101,695</b>	<b>122,108</b>	<b>13,489,007</b>
<b>Group</b>					
Tangible fixed assets	7,222,647	0	0	0	7,222,647
Investments	1,036,158	0	0	0	1,036,158
Net current assets	3,990,552	0	1,101,695	122,108	5,214,355
<b>Total</b>	<b>12,249,357</b>	<b>0</b>	<b>1,101,695</b>	<b>122,108</b>	<b>13,473,160</b>

### 24. Pension and retirement benefits

The company operates two pension schemes both of which are NEST Compliant. The first is a defined contribution group personal pension scheme. As the pension scheme is a defined contribution money purchase scheme, no liabilities for pensions arise for the company or group. The second scheme is one that all staff can access for auto-enrolment purposes.

The assets of these schemes are held separately from those of the company in independently administered funds.

The contribution for the year amounted to £474,105 (2016 - £512,142) including a creditor amount of £48,225 (Note 17).

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA  
(a company limited by guarantee and not having share capital)  
For the year ended 31 March 2017

## 25. Operating lease commitments

	Group		Company	
	Land & buildings 2017 £	Land & buildings 2016 £	Land & buildings 2017 £	Land & buildings 2016 £
The company had total commitments under non-cancellable leases expiring as follows.				
Within one year	124,761	71,082	119,761	66,082
2-5 years	582,055	107,678	571,555	97,178
Over 5 years	0	0	0	0
<b>Total</b>	<b>706,816</b>	<b>178,760</b>	<b>691,316</b>	<b>163,260</b>

Operating lease expense charged to the SOFA for the year amounted to £98,918 (2016 - £61,563)

## 26. Post Balance Sheet Events

During the previous year, we established a new employee owned entity, called Caledonia Social Care Limited. The final legal documents were signed by all relevant parties on the 31 March 2017, with the entity starting to trade on the 3 April 2017. Alzheimer Scotland has invested £475,000 by way of an interest-bearing loan (Note 16) and £125,000 in share capital (Note 15) – this cash was paid to Caledonia Social Care Limited in April 2017 - this gives the charity a 31% share in the company, with 69% owned by the Employee Owned Trust.

The purpose of this new entity is to allow us to transfer most our care at home service contracts and support staff – this will result in a transfer of around 200 staff and £2.5m of home care service income being removed from our Income and Expenditure – because of the financial limitations of these contracts there will be no adverse effect to our Net Income or Expenditure line on the Statement of Financial Activities.

Our property at Drumsheugh Gardens, Edinburgh was sold during May 2017 for £1.28m.