



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

Company Number 149069

Charity Number SC022315

Directors' Report, Strategic Report and Financial Statements

For the year ended 31 March 2015

ALZHEIMER SCOTLAND – ACTION ON DEMENTIA
(a company limited by guarantee and not having share capital)
For the year ended 31 March 2015

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Directors' Report

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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.

Scottish charity number: SC022315 Company registration number: 149069

Principal and registered office

22 Drumsheugh Gardens
EDINBURGH
EH3 7RN

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 5H

Banker

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

Directors

John Laurie (Convener) Re-elected November 2014
Ian Bell (Treasurer)
Arlene Chalmers (Secretary) Re-elected November 2014
David McClements (Vice Convener)

Barbara Barnes Re-elected November 2014
Douglas Philips
Patricia Laughlin Re-elected November 2014
Noni Cobban
Jim Fry
Henry Rankin (appointed November 2014)

Christine Ross (resigned November 2014)
Dianne Howieson
Alan Jacques
John Starr Re-elected November 2014
Christine McGregor Re-elected November 2014
Mary-Frances Morris (appointed November 2014)
Diane Goldberg (co-opted February 2015)

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Directors' Report

For the year ended 31 March 2015

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.

Directors 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 7,424 (2013/14 6,385 members).

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.

The Board is responsible for the strategic direction and priorities of the organisation and 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 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 and the other Executive Directors attend Board meetings.

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

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

Directors' Report

For the year ended 31 March 2015

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 to secure the provision of high quality services for people with dementia;
- iv) to provide and to secure the provision of high quality services for the carers of people with dementia.

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

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

At 31st March 2015, Alzheimer Scotland had 1,113 staff (1,138 2013/14) and 750 (700 2013/14) 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.

Strategic Report

For the year ended 31 March 2015

Mission

Our mission is to make sure no one goes through dementia on their own. 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, other funding partners and the local communities in which we work.

Strategic Report

Achievements and performance

Again this has been another successful year for the organisation, with substantial progress towards creating a strong and stable platform in our mission of making sure no one goes through dementia on their own. In particular, we have made good progress in terms of our policy work, campaigns, awareness raising, dementia nurses, service provision (including Link Workers, Dementia Advisors, Resource Centres 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, growth in staff numbers and a reduction in staff turnover and sickness.

After the successful 2010-13 Strategic Plan, the new plan for 2013-16 was rolled out in October 2013 with seventy objectives under the following ten themes:

1. Raising awareness
2. Influencing change and promoting rights
3. Sustaining and developing local services
4. Increasing reach and local presence
5. Improving practice and service quality
6. Investing in our people
7. Research and collaboration
8. Efficient and efficiency
9. Raising funds and increasing support
10. Developing innovations and creating new opportunities

We reported progress to March 2015 to the Board and are very pleased to report that 94% of our objectives are either achieved or progressing, with only 6% having been delayed. We are only half way through the Plan and are well on track to meet the objectives during 2016.

Strategic Report

For the year ended 31 March 2015

Risk Management

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 bearing down on 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.

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

Review and assessment includes:

- Classifying and understanding of the risks to which the organisation is potentially exposed;
- Identification and assessment of actual specific risks and the potential exposure in terms of probability and financial/operational impact;
- Selecting a number of 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 the principle of equal opportunities and to creating a working environment where staff are treated with dignity and respect and free from unlawful discrimination, victimisation or harassment on the grounds of colour, race, nationality or ethnic origin, religion, age, sex, marital status, gender reassignment, sexual orientation or disability of any kind. Should an existing employee suffer a disability, it is Alzheimer Scotland's policy to take all reasonable steps to accommodate that disability and to assist the employee to continue their career with the organisation in their role or, where possible, in an alternative position.

We are continuing to use the Promoting Excellence Framework as a benchmark for all our staff. We have not yet achieved our goal of ensuring that as a minimum all our staff are trained to dementia skilled level, though we are making good progress towards it. We will make further investments in this programme and continue to ensure that staff skills are maintained through a range of development programmes and training to build capabilities in our people and through a performance appraisal system, which identifies the necessary training needs.

Our achievements are only possible with the support of the trained and talented people who work for Alzheimer Scotland 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. Supporting our frontline staff to do the best job they can remains the central focus of all our managers and support services.

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We continue to build on the important role of the Staff Representative Group and now have representatives on average of two per region. The aim of this group is to ensure that we listen and respond to the views of staff, which is especially important for us, given the dispersed nature of our activities and locations. We have further plans in 2015/16 to increase further engagement with the Group.

During the year we have also introduced a new intranet to better connect our staff across our offices and services. The additional aim is to help with efficiency and working better together by using a central, user-friendly resource.

In 2013/14 we increased the support to regional and local services by introducing a new post of Deputy Regional Manager, to allow for further local engagement, and this is paying dividends with an increased in membership and engaging better at local community levels. Our Human Resource Strategy has targeted further improvements in the areas of turnover and staff absence and this has continued to deliver good results, with contracted staff turnover levels remaining very satisfactory at 7.0%. Turnover of sessional staff has decreased slightly to 29%, which is acceptable in this type of position. The staff absence figure is 5.1%, which is an increase of 1.1% on the prior year.

Policy and campaigns

A key priority for the policy team throughout this year has been working at national and local levels to secure funding for the Post-Diagnostic Support Guarantee and Health Efficiency Access Treatment (HEAT) Target. This has included making a national and local case for the need to commit to high quality and properly resourced post-diagnostic support, including continued funding from the new Integration Fund or mainstream funding for the post-diagnostic support link workers. The Scottish Government has recently confirmed that the Integration Fund, a fund to support the transition to Joint Integrated Boards (JIB), has been extended from one to three years and it can be used to support the delivery of the post-diagnostic support guarantee.

The integration of Adult Health and Social Care is the most significant change facing Alzheimer Scotland. There is a need to ensure that the national priorities set out in Scotland's National Dementia Strategies remain local priorities within the new local structures. A crucial area of work for the Public Policy Team this year has been supporting Regional Managers and Deputy Regional Managers to take forward regional strategies for involvement and local engagement, to ensure the national commitments and priorities are reflected at local level. The Public Policy Team has worked closely with local colleagues to develop local strategies and will continue to support localities to develop local engagement.

We continue to be engaged and represented as key partners in almost all of the groups taking forward the 17 Commitments of the National Dementia Strategy. A key strand of this work is working in collaboration with Focus on Dementia (formerly the National Dementia Improvement Programme) to support the improvement work in acute hospital care; delivery of the post-diagnostic support HEAT target; testing the 8 Pillars model of community support, supporting health and social care partnerships to use data to drive improvement. During this year we ran a series of focus groups, funded by the Scottish Government, to inform the work of Commitment 11 to extend the improvement work in acute care to other hospital settings, such as specialist dementia care settings and NHS continuing care environments.

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A key objective of the Public Policy Team has been to encourage colleagues to recognise public policy as everyone's business and where appropriate to engage. This has developed well over the past year with more local staff becoming involved in the delivery of the National Dementia Strategy, and in particular Commitment 16 to improve support for people with dementia from other equality groups. Throughout 2014/15 our colleagues have engaged well with the Advanced Illness Model consultation and have been involved in facilitating local focus groups to feed into the consultation.

The Scottish Dementia Working Group (SDWG) and the National Dementia Carers Action Network (NDCAN) are key components of our involvement policy. Both are important parts of the organisation which help ensure that we always listen to the voices and experience of those living with dementia. Last year we strengthened the staff support for both groups with the support of Scottish Government Section 10 funding. Nevertheless, the demand from a wide range of stakeholders to engage with both groups continues to increase, placing strain on the ability of both groups to engage effectively and meaningfully. Early this year we began working with the Scottish Centre for Community Development to review the way the SDWG engages. The review is due to be completed by late summer and will inform a new engagement strategy for SDWG. We also carried out a review of NDCAN and this has led to more selective recruitment process to reflect a greater range of skills, experience and geographical spread.

We worked closely with the Marketing and Communications team to deliver the first part of our 'Let's talk about dementia' campaign in January and February 2015; this campaign was revisited during Dementia Awareness Week 2015. The aim of the campaign is to contribute to breaking down the fear, stigma and negative perceptions of dementia which prevent help seeking behaviour by encouraging people to be able to talk more openly and have less difficult conversations.

Throughout this year the Public Policy Team has worked as part of the Focus on Dementia collaborative to support the 8 Pillar test sites in Glasgow, Midlothian, North Lanarkshire, Moray and Highland and also the post-diagnostic support guarantee. We have also been engaging widely with stakeholders to develop and inform the Advanced Illness model, which is due for publication in October 2015.

During 2014/15 year public policy staff and other colleagues continue to represent the organisation on Scottish Government and other steering groups in relation to other important areas of policy. These include: the Convention of Scottish Local Authorities' (COSLA) National Development Group for Older People's care; COSLA's Non Residential Care Charging Guidance steering group; the National Missing Person's Steering Group. In autumn 2014 the Head of Policy was elected to the Public Policy Committee of the Scottish Council for Voluntary Organisations (SCVO) and the Director of Policy and Research to the Board of Alzheimer Europe.

Going forward, the key policy priorities this year will be the publication of the Advanced Dementia model, which will build on the 5 and 8 Pillars models to deliver high quality care support and treatment from diagnosis to end of life. A crucial part of this model will be the case to remove charges for those in the advanced stages of the illness. We will seek a commitment to test the advanced illness model, and roll out the 8 Pillar Model in the 2016/19 national dementia strategy. At the same time we will continue to work at national and local level to ensure that the post-diagnostic support guarantee is fully resourced and delivered.

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Service development

We successfully implemented a new operational management structure; this was in recognition of the pressure on managers as a consequence of Alzheimer Scotland's national policy progress and the growing perception of the organisation as partner, contributor and critical friend as well as service provider. These changes have successfully aligned national policy campaigning with local service delivery, mainly through our local service teams maximising their presence and engagement within local Reshaping Care developments. The review was in response to the impact on service management time and the need to prepare for the nature of future relationships locally as health and social care integrate.

This has allowed us to return the focus of service management staff to high-quality dementia practice in our service delivery, ensure capacity within regions to reinforce the local nature of the organisation, be represented at a strategic level, work with members and involve people with dementia and carers. As highlighted in 2013/14, we created a new role with the appointment of six Deputy Regional Managers, responsible for membership, recruitment and engagement, local strategic fundraising, representation, policy development and supporting and working with branches. Whilst this is still bedding in noticeable successes are being felt through our engagement with local communities.

We also emphasised our focus on practice by renaming the Development Team as Quality and Workforce Development and reviewing our training programme and its administration. We also successfully launched our new induction programme at the start of the calendar year.

Key performance areas for the Quality and Workforce Development team relate to strengthening Alzheimer Scotland's focus on outcomes and upskilling staff groups. As a small team they have been driving this forward by engaging staff in improvement planning, through working groups, webinars and regular engagement via Lync.

We have refreshed all the Promoting Excellence Framework modules, receiving feedback that staff welcome the interactive style. We are now engaging with local colleges to support our SVQ delivery and are working with cohorts of staff, such as Link Workers, to increase consistency of approach and practice throughout the organisation. Our new induction programme, LAUNCH! has been receiving very positive feedback. Our focus on risk enablement and on safe practice is proactive, designed to support services deliver the best possible support to people with dementia and their carers. Our LAUNCH! framework, about to go live on the intranet, will bring together quality, health and safety and workforce development so that staff have a one stop resource for policy, practice and professional development expectations and opportunities.

As highlighted last year, the Scottish Government's post-diagnostic HEAT target came into effect from April 2013, and we have seen further growth in our post-diagnostic support work as local partnerships continued to choose to develop their post-diagnostic work in partnership with us. We presently have 63 dementia link workers and this continues to require substantial regional and service management time, as well as considerable input from senior management and the Quality and Workforce Development team. We recorded 2,119 referrals to our link workers in 2014-15 – a 30% increase from the previous year.

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Our 1:1 specialist support services slightly declined during the year by 2%. The total support hours we provided fell by 2%. Block and spot-purchased hours were down 2%, along with a decrease in self-commissioned support, though this continues to account for 24% of the support we provide. The balance within this of support purchased using people's own resources or using self-directed support (SDS) payments is shifting. Growth in private purchase fell by 8% in the year. However, the growth in SDS is accelerating, up 12% on last year, although SDS still accounts for only 8.5% of the overall hours we provide.

Day care provision was also lower than the previous year, with a weekly average of 902 sessions used (down 5%).

We supported an average of 1,648 people per week in our 1:1 and day services this year.

Our services continued to be very positively graded by the Care Inspectorate. 12 services were inspected: 67% of grades received were 5 (very good) and 17% were 6 (excellent), compared with 65% of 5s and 12% of 6s for the 23 services inspected the previous year.

A number of Local Authorities are planning framework tenders in order to establish a list of providers people can choose from under the new Self-Directed Support Act, where the council assess the level of need but people choose their own services and/or for providers the council may use when choosing services on people's behalf. In addition to this we decided not to bid for a tender with Falkirk Council as part of the tender requirements was to undertake 15 minute visits and these do not form part of the specialist support we provide to people with dementia; equally with East Dunbartonshire Council, we decided not to bid for a component that was non-dementia specific.

We opened a new Dementia Resource Centre on Shetland and purchased a further three properties that will be completed in summer 2015 at Aberdeen, Tain and Arbroath. We ended the year with 19 Dementia Resource Centres across the country, providing high profile and attractive hubs for accessing dementia information and support.

Dementia Circle thinking has been extended into the design of our new Resource Centres and all our new resource centres will be kitted out with a Product Display Unit, which will encompass a range of products that have been tested by people with dementia. The products will hopefully be part of a further discussion with families in a bid to support people still living at home with some further tools to self-manage their condition. We are introducing products into 7 resource/service areas at present and have adapted the dementia circle website to include a support area for staff to feedback on products and suggest other possible inclusions. There has been a fair bit of interest in the project and we have been presenting across the country to colleagues in health and social care.

We have been working on getting some funding to continue to fund the pilot through trusts/Scottish government and a fundraising campaign. We are now the stage of preparing plans for stage 2 development. These may include, if we manage to secure funding:

- Continue to provide aftercare support to the existing assistance dog teams;
- Work on a series of community-based interventions. This would involve providing technical input to pilot project, looking at the potential for a volunteer network to develop some projects. The outputs would be 3-4 completed pilot projects with a clear business plan showing how they could be taken forward if applicable. Pilots may include, but not be limited to;
- Dementia friendly dog activity club;
- Goal-focused visiting service;

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- Sharing dog scheme;
- Place at least two ‘facility’ dogs in environments specialising in dementia care and support (for instance, residential homes or supported living centres.);
- Build on the intervention project to look at the potential for dogs to spend a greater amount of time in the homes of people with dementia and their carers, thereby developing some of the longer-term benefits that accrue from having an assistance dog in the home. A pilot project would train and support at least 2 dogs to work within several homes. Developing a ‘hybrid’ assistance dog would be a ground-breaking project that has not been tried before. If successful, it could be a cost-effective way of ensuring the dog is able to bring benefits to a number of people over its working lifetime;
- Continue to support research and evaluation within every element of the project.

We have also secured funding from Scottish Government (£5,000) for a small scale pilot based in Gartnavel. We will implement a small scale intervention dog trial in Cuthbertson ward; this will allow us to introduce trained dogs at key points of the day within the ward. Our work with Hammond care in Australia has been successful and we will be helping to establish the Dementia Dog pilot in Australia. The team from Australia have been over to meet with the team here and are very keen to take some members over to Australia to disseminate our work.

We continue to build on the work of the Alzheimer Scotland Dementia Nurse Consultants alongside the growing number of Dementia Champions, which reached over 500 this year. The Nurse Consultants are continuing to focus on improving the experience of people with dementia using our acute general hospitals.

In order to support the overall strategic direction of NHS Boards, a ten point action plan has been developed in partnership with ourselves and Scottish Government that highlights the key areas of improvement and change we would expect to see in every hospital. This plan forms a central feature for the work of Nurse Consultants and is continuing to see the ongoing improvements in this area.

A report commissioned by Scottish Government and NHS National Education for Scotland (NES) was published by Blake Stevenson which highlighted the success of this work and the value of the overall investment.

As we progress throughout the year, we will reach the stage that some of the three year funding terms will come to an end and it is our intention to continue to provide a contribution of £10,000 per post which will be matched by Scottish Government. We hope that this ongoing investment will ensure the stability of these posts and will lead to the Boards eventually making each position a substantive one.

Alongside the work of the Champions and Nurses, there has been ongoing investment in the ‘Promoting Excellence’ Framework and our involvement with the partnership between NHS NES and the Social Services Council. This work has also led to the development of over 700 Dementia Ambassadors and we are extremely pleased that the Programme Board, which has oversight of this work, continues to be chaired by the Chief Executive and involves representation from the SDWG and NDCAN.

Communications & Marketing

We hosted and facilitated a number of conferences and events throughout the year, including the introduction of our bi-annual Members’ Advisory Forums. We held two of these during the year where we could engage with our members and other stakeholders who want to support and influence the work of Alzheimer Scotland. This provided us with the opportunity to explore and better understand current issues, test new ideas and consider strategic priorities at both national and local level. We are looking forward to holding further events as the year progresses.

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The annual awareness week conference in June had a theme of ‘Innovation, Research & Technology’ and was our best attended event so far. It was the focus of Dementia Awareness Week and gave us our first opportunity to display the refreshed brand.

The theme of Dementia Awareness Week 2014 was ‘Let’s talk about dementia’ and was the first iteration of our awareness campaign. There were over 100 local events held by our staff, branches, shops and volunteers across Scotland, as well as partners in NHS and higher education.

In October we helped to organise and host the Alzheimer Europe conference in Glasgow, with over 800 delegates in attendance. This was followed in November by the annual Scottish Dementia Awards and also our staff and volunteers conference, alongside the AGM.

In December we staged our inaugural Christmas lecture. Baroness Susan Greenfield gave the lecture on the theme of ‘Dementia: Current and future prospects’.

Our website statistics for the last year have all improved, with a notable increase in the number of people accessing the website via mobile phones and tablets. This figure has risen from 20% to 33%. Unique visitors to the main website and also to the SDWG site both increased by 15%.

Social media continues to grow in influence and by the end of the financial year we had over 10,900 Twitter followers and 9,393 Facebook followers (almost double the previous year).

There were 4,612 calls to the Helpline this year, which is around the same level as the previous year. Family carers, friends and relatives are the most frequent users of the line, accounting for just over 70% of calls. 38% of calls were outside of usual office hours, and carers who are in employment often say how helpful it is to be able to call at a time which suits them. We continue to offer a high level of emotional support, with around 50% of callers needing this type of support. Last year we had calls from every Local Authority area in Scotland, but also an increase in calls from overseas and from other parts of the United Kingdom (UK). These callers now account for between 10% – 12% of calls every month. The e-Helpline has also grown, and enquiries have grown by over 35% in the last year.

Our magazine, Dementia in Scotland, continues to develop. We refreshed the magazine with the new brand and also revamped the content and format. We now circulate 10,000 copies per edition and we are actively promoting an online version to help reduce production and distribution costs.

Membership during the year increased by over 13% to 7,424. In addition to growing membership numbers, a key focus is for us to engage more with our members, to find out more about them, to engage with them and listen to their experience and advice. During the year we have done this through national and regional forums and membership events.

We continued to work with many of the universities around Scotland and have now established Alzheimer Scotland bursaries for postgraduate courses at both the Universities of Edinburgh and Stirling. We continue to support and fund the Alzheimer Scotland Dementia Research Centre at the University of Edinburgh and the Centre for Policy & Practice at the University of the West of Scotland. In addition our relationship with Queen Margaret University strengthened with the signing of a strategic partnership.

Fundraising

Our fundraising income this year reflects the tremendous commitment of our supporters, volunteers and colleagues who have worked extremely hard in challenging conditions and achieved very considerable success.

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Our partnership with Lloyds Banking Group concluded on a high note, raising a fantastic total of £1.7million for Alzheimer Scotland across the two years of the relationship. We are very grateful to everyone at Lloyds Banking Group for their wholehearted support for the partnership and for dementia-friendly banking.

Our partnership with Home Retail Group also finished in early 2015, raising almost £3 million across the UK and Ireland. Staff and customers raised money in a range of exciting ways, including bucket collections and sales of a special pendant. The partnership helped raise awareness of community-based support and the ways in which people with dementia can be helped to stay in their own homes.

We were awarded two sizeable grants from the Life Changes Trust's Dementia Friendly Communities programme. We were awarded just over £420,000 for our Dementia Friendly Dumfries & Galloway project in partnership with NHS Dumfries & Galloway, and over £52,000 for our allotment project in West Dunbartonshire. We also received a grant of over £53,000 from the R S Macdonald Charitable Trust towards our research into an advanced stages model of dementia. We have received support from over 70 other charitable trusts and foundations for a range of work.

We repeated the success of our Forget-Me-Not Balls in Glasgow and Edinburgh and returned to Hampden for our fourth annual Sports Dinner. Together these events raised over £50,000 for local services in Glasgow and Edinburgh and for our Reminiscence Partnership.

Our fundraising in local communities is growing rapidly thanks to the efforts of our services, our Regional Fundraisers, our branches and our three shops. Supporters across Scotland are showing tremendous commitment, creativity and energy in raising funds through a range of activities from cake sales to head shaves. Two volunteer fundraisers, Audrey McIntosh and William Barr, were honoured at Alzheimer Scotland's AGM as joint Volunteer of the Year for their incredible efforts in raising funds.

Increasing numbers of supporters are continuing to raise funds by taking part in sponsored events, including the Virgin London Marathon (which raised over £81,000, a massive increase of nearly £50,000 on last year) and the Edinburgh Marathon Festival (which raised over £106,000).

For the first time we held multiple Memory Walks in locations across Scotland. From an initial target of 7 walks, we ultimately delivered over 25 walks which raised over £100,000 and recruited 2,500 walkers. We are currently working on making Memory Walks even better in 2015. We were delighted to see staff from all different parts of the organisation come together to make this such a successful fundraiser and it was inspirational to see so many supporters come out in rain or shine.

Our donors continue to show immense commitment to our work and we have additionally been able to recruit a significant number of new donors. We sent two direct mail appeals which raised over £84,000. While this is a decrease on last year, we substantially reduced our costs meaning the return on investment for these funds was healthy. Donations from direct debits and payroll giving amounted to nearly £290,000, reflecting our increase in membership. We received around £220,000 in Gift Aid, an increase of 10% on last year.

We received £1,498,700 in legacy donations this year. We are deeply honoured and grateful for each of these contributions which are of immense importance to our financial security.

As always we continue to grow, to try new things, to strive towards increased efficiency, and to provide the best experience we can for our incredible supporters.

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Financial review

We ended the financial year with a smaller than predicted deficit of £38,218. The main reason for the deficit was due to our investment to the Dementia Nurse programme and a lower level of Local Authority funding than budgeted. The fundraising held up well during the year and finished the year above our budget.

The statement of financial activities shows that total incoming resources of £19,288,707 was up by 0.1% (£19,269,221 2013/14), and total resources expended of £19,379,404 was up by 4.2% (£18,592,044 2013/14). The net outgoing resources were £90,697 (incoming £677,177 2013/14) which is 0.5% of total incoming resources (3.51% 2013/14).

Fixed assets increased by 10% from £5,573,235 to £6,135,140, mainly as a result of the purchase of new properties in Aberdeen, Shetland, Tain and Arbroath for use as a Dementia Resource Centres, less overall depreciation. The provision of these new properties has increased our reach and commitment in local communities and has allowed us to expand our service provision. They will additionally provide long-term savings as compared to rental costs. Details of fixed assets are shown in Note 10 to the financial statements.

The group has general funds of £5,633,009 (£6,475,522 2013/14) and designated reserves of £6,457,600 (£5,971,769) (Note 15).

The general funds relate to services, branches and national office. Each service aims to have four to six weeks' running costs as cash reserves, which makes the unrestricted income funds greater than the £2.2million required.

The Directors approve recommendations for the use of funds from the general fund reserve 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 designated reserves of £6,457,600 include land and buildings, £6,135,140 used by Alzheimer Scotland in pursuance of the charity's objectives, the property management reserve of £167,450 for improvements and repairs to property and a Service Development Fund of £155,010.

The group has restricted reserves of £1,286,330. This includes restricted income funds of £203,441, the restricted legacy reserve of £431,282 and the research reserve of £648,444. 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 £121,351 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 £13,498,290 (-0.28%), £6,303,948 of which is net current assets. The proportion of total reserves that is unrestricted is 90% (90% 2013/14).

The principal funding sources for Alzheimer Scotland are Local Authorities (46%), NHS Boards (9%), Scottish Government and specific grants (3%), fundraising, trusts and donations (25%), legacies (8%), private individual payment for SDS and home private purchase (8%) and other (1%).

Most of the organisation's expenditure is spent on care related services (86.36%), support costs (6.87%), fundraising (2.76%), campaigning (1.31%), research (1.20%), involvement (1%), governance (0.34%) and awareness raising (0.16%).

Strategic Report

For the year ended 31 March 2015

The organisation's banking policy is to minimise risk by holding liquid reserves in interest-bearing bank accounts. The organisation's investment policy extended to invest through external fund managers Sarasin during 2014/15. We placed £1 million with them which help secure future growth and better returns than presently enjoyed by holding cash in low interest rate accounts. This is closely monitored by the Finance Audit Committee at all their meetings and in addition the investment managers will meet with the Finance Audit Committee and then separately with the Board on an annual basis to discuss the investments and markets in general. The investment income in 2014/15 of £56,011 is interest earned £47,386 (2013/14 £66,332) and £8,625 income from investments with Sarasin: there is also an unrealised investment gain of £52,479 per the year end Sarasin valuation report.

Future plans

In April this year we will see a significant transformation in the way that health and social care services are delivered in Scotland. For the first time, there will be legislation that integrates our health and social care structures and this will be done through the Public Bodies (Joint Working) (Scotland) Act. This legislation will include the establishment of new local bodies and new methodologies of commissioning and developing services.

Last year we made substantial investments in the development of our Deputy Regional Managers who have made a significant contribution to improving the voice of our local members, people with dementia and their carers and have started the process of ensuring that dementia remains a local priority.

The essence of the new integrated bodies will be to develop and deliver more local responses to need and ensure that there is a greater, person-centred focus in the way that we provide care and support services within local communities.

In response to this, we will begin a process of reshaping the organisation and move away from our regional structure, which has been in situ for many years, towards the development of a locality-based approach which reflects the new local JIBs that will be established as part of the new legislation. This work will involve a considerable culture change for the organisation and it will mean a new form of senior management leadership for the majority of operational services.

Our aim is to create a new Operational Directorate which will be led by the new position of Director of Operations. Regional Managers' roles will be converted to Heads of Operations and our Deputy Regional Managers' job title will change to Policy & Engagement Manager.

The drive and ethos behind this new Operational Directorate will be to support the evolution of 32 localities. Within our local areas our Service Managers, Dementia Advisors, Link Workers, Member, Volunteers and Supporters will be encouraged to work closely together in order to create a strong local presence and indeed, local service response and engagement response for people with dementia and their families.

Our efforts will be in ensuring that we can mirror image the types of issues and needs, opportunities, requirements and experiences of people living within their given localities. We believe our responses will be better tuned to these local needs and we will become a more effective force for change within the locality and a more effective service provider as well as fundraiser and contributor to each locality. We expect to embark on these changes in early 2015 and begin the transition process by June 2015.

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Building on our localities and our engagement of local people will support our ongoing drive to take dementia to the high street. Our successful approach of developing local Dementia Resource Centres will continue and we have again in 2015/16 budgeted for the purchase of a further three properties to convert.

During 2014-15 we consolidated our new rebranding and this has been exceptionally well received. We have made further investments in bringing together our Communication, Marketing and Fundraising Teams and we will embark upon an ambitious programme to use as many alternative forms of social media and digital-based campaigns as possible. We will maintain our aim of ensuring that the people who support us have a strong sense of return within their localities and we will continue to improve communication with our membership fundraisers, supporters and volunteers.

These vital funds have enabled us to make substantial investments in our Dementia Nurse programme, Dementia Advisors, Dementia Helpline, Dementia Research Centres and in recent months our main area of engagement through our Dementia Friends programme.

This initiative has already started to develop a huge interest and many members of the public in Scotland are already signing up to become Dementia Friends. This is fully funded by Alzheimer Scotland, unlike the situation in England, and we are extremely pleased to see such a positive response from this. We hope to build on our Dementia Friends and encourage people to engage with individuals living with dementia and their carers in their local communities but also to help support the work and mission of the organisation in the broader context of policy.

We have also maintained our commitment to research and continue to support the Alzheimer Scotland Research Centre in Edinburgh and the Alzheimer Scotland Centre for Policy & Practice at the University of the West of Scotland. We have built strong partnerships and developed strategic alliance with Queen Margaret University and continue to maintain high levels of engagement with other institutions such as the Universities of Stirling and Glasgow and Caledonian University.

We have maintained our funding for the Scottish Dementia Research Consortium and towards the end of the year we launched the Scottish-side of the 'Join Dementia Research' initiative. We were delighted to be a key partner in this UK-wide initiative which brings together the three main Alzheimer charities in order to recruit and support the evolution and development of dementia research throughout the UK.

In the late autumn of 2015 we will launch our policy report which will deal with the advanced stages of the illness. This report will put forward the development of an advanced model of support for people who are going through the later and indeed the end of life stages of dementia. It will mark the final piece in our vision of transformational change which is required throughout Scotland and, given that we have successfully secured significant improvements in diagnosis and post-diagnostic support alongside all of our partners throughout Scotland and that we are currently testing an integrated care model for those in the mid to later stages of the model, will ensure that from the point of diagnosis to the advanced and end stages of the illness there is a structure in place for the new local JIBs to develop. It will ensure that people with dementia and their families are treated with equality and consistency throughout Scotland as these policies start to permeate through into practice.

This will require substantial and ongoing campaigning by the organisation and all our members. We will be doing as much as we possibly can to ensure that the voice of local people and our local members are listened to as these new localities emerge and begin to develop their thinking about priorities in their area.

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Central to the evolution and development of policy will be the roles played by SDWG and NDCAN.

As highlighted last year we celebrated during 2014/15 a 21st birthday, celebrating the work of our 24/7 Helpline and this gives us the opportunity express a huge thanks to all our volunteers, past and present, who have helped us make sure no one goes through dementia on their own.

Structure, governance and management

Alzheimer Scotland is a company limited by guarantee (registered in Scotland, company number SC149069) and a charity registered in Scotland (Office of the Scottish Charity Regulator registration number SC022315). We are governed by our Articles of Association, which were last revised in November 2013. The Articles of Association set out the charitable purposes and include objects such as promoting the welfare and rights of people in Scotland with Alzheimer's disease and other dementias and those who care for them, and to providing care, support and information for people with dementia and those who care for them.

The Board of Trustees, elected by the Members of Alzheimer Scotland at the AGM, are the charity's trustees and the legal Directors of the company. New and existing trustees are provided with induction training and other training opportunities to help them meet their responsibilities. The Board meets every month – except for July and November.

Going concern

After making appropriate enquires, the Board confirms that it has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly it continues to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Strategic Report, the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and Statement of Recommended Practice – accounting and reporting by charities (SORP 2005) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006 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.

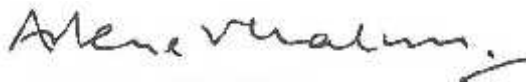
Auditor

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 their reappointment.

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

Arlene Chalmers

Edinburgh 28th August 2015

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For the year ended 31 March 2015

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 2015 which comprise the Consolidated Statement of Financial Activities, Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's directors and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Director 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 Director 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF ALZHEIMER SCOTLAND – ACTION ON DEMENTIA (CONTINUED)

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 2015 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 Director Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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.



Barbara Southern, Senior Statutory Auditor

for and on behalf of BDO LLP, Statutory Auditor

Edinburgh

United Kingdom

Date: 2 September 2015

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).

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

For the year ended 31 March 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2015 Total £	2014 Total £
Incoming resources						
Voluntary income	3	5,046,669	405,632	0	5,452,301	5,203,309
Activities for generating funds	2	738,832	124,048	0	862,880	842,627
Investment income		50,534	4,715	762	56,011	66,332
Incoming resources from charitable activities	4	1,343,213	11,574,302	0	12,917,515	13,156,953
Total incoming resources		7,179,248	12,108,697	762	19,288,707	19,269,221
Costs of generating funds						
Cost of generating voluntary income		(432,816)	(13,947)	0	(446,763)	(648,548)
Shops		(87,810)	0	0	(87,810)	(68,366)
Costs of managing investments		(1,902)	0	0	(1,902)	0
Total costs of generating funds	5,7	(522,528)	(13,947)	0	(536,475)	(716,914)
Cost of charitable activities						
Provision of care related services		(4,602,037)	(13,500,565)	0	(18,102,602)	(17,308,693)
Awareness raising		0	(30,553)	0	(30,553)	(16,825)
Campaigning		0	(254,963)	0	(254,963)	(172,571)
Involvement		0	(154,976)	0	(154,976)	(128,298)
Research		0	(232,825)	0	(232,825)	(199,309)
Total cost of charitable activities	6,7	(4,602,037)	(14,173,882)	0	(18,775,919)	(17,825,696)
Governance costs	8	(62,319)	(4,691)	0	(67,010)	(49,434)
Total resources expended		(5,186,884)	(14,192,520)	0	(19,379,404)	(18,592,044)
Net incoming/(outgoing) resources before transfers		1,992,364	(2,083,823)	762	(90,697)	677,177
Transfers	15,16	(2,401,525)	2,401,525	0	0	0
Net incoming/(outgoing) resources after transfers		(409,161)	317,702	762	(90,697)	677,177
Other recognised gains and losses						
Realised Investment gain/(loss)		0	0	0	0	0
Net income/(expenditure) for the year		(409,161)	317,702	762	(90,697)	677,177
Unrealised Investment gain/(loss)	11	52,479	0	0	52,479	0
Net movement in funds		(356,682)	317,702	762	(38,218)	677,177
Funds brought forward at 1 April		12,447,291	968,628	120,589	13,536,508	12,859,331
Funds carried forward as at 31 March	15-17	12,090,609	1,286,330	121,351	13,498,290	13,536,508

The consolidated statement of financial activities includes all gains and losses recognised in the year. 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 2015

Consolidated and Company Balance Sheets

At 31 March 2015

	Notes	Group		Company	
		2015 £	2014 £	2015 £	2014 £
Fixed assets					
Tangible assets	10	6,135,140	5,573,235	6,135,140	5,573,235
Investments	11	1,059,202	0	1,059,202	0
Investments in subsidiary undertakings	11	0	0	1,000	2,000
Total fixed assets		7,194,342	5,573,235	7,195,342	5,575,235
Current assets					
Debtors	12	2,189,129	2,211,124	2,250,623	2,262,744
Cash at bank and in hand		6,540,853	8,323,678	6,468,249	8,266,282
Total current assets		8,729,982	10,534,802	8,718,872	10,529,026
Creditors: amounts falling due within one year	13	(2,426,034)	(2,571,529)	(2,415,924)	(2,566,772)
Net current assets		6,303,948	7,963,273	6,302,948	7,962,254
Total assets less current liabilities		13,498,290	13,536,508	13,498,290	13,537,489
Represented by:					
Unrestricted funds	15,18	5,633,009	6,475,522	5,633,009	6,476,503
Designated funds	15,18	6,457,600	5,971,769	6,457,600	5,971,769
Restricted funds	16,18	1,286,330	968,628	1,286,330	968,628
Endowment funds	17,18	121,351	120,589	121,351	120,589
Total funds		13,498,290	13,536,508	13,498,290	13,537,489

Company registration number 149069
Charity number SC022315

The financial statements were authorised and approved by the directors on **28 August 2015** and were signed on its behalf:



Treasurer and Director

Ian Bell



Hon. Secretary and Director

Arlene Chalmers

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For the year ended 31 March 2015

Consolidated Cash Flow Statement

For the year ended 31 March 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	21	97,189	1,474,503
Return on servicing of finance			
Investment income		59,012	137,720
Capital expenditure and financial investment			
Purchase of fixed assets		(930,602)	(1,077,404)
Proceeds from sale of fixed assets		200	0
Purchase of investments		(1,000,000)	0
Proceeds from sale of investments		0	0
Management of liquid resources			
Investments in short term deposits		(24,661)	(3,500,000)
<u>(Decrease)/Increase in cash</u>	<u>21</u>	<u>(1,798,862)</u>	<u>(2,965,181)</u>
Reconciliation of net cash flow to movement in funds			
(Decrease)/Increase in cash in the period		(1,798,862)	(2,965,181)
Increase in short term deposits		24,661	3,500,000
Opening net funds		8,323,678	7,788,859
<u>Closing net funds</u>	<u>21</u>	<u>6,549,477</u>	<u>8,323,678</u>

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Notes forming part of the financial statements

For the year ended 31 March 2015

1. Accounting policies

(a) Basis of accounting

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

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

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

(b) Parent company result

The deficit for the year of the company is £38,218 (2014 surplus £677,177).

(c) Branch financial statements

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

(d) Public funding and trust grants

Public funding and trust grants are credited to the Statement of Financial Activities in the year for which they are received.

Deferred income represents amounts received either for future periods or before preconditions for use are fulfilled. Deferred income is released to incoming resources in the period either for which it has been received or in which the preconditions are met.

(e) Donations and legacies

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

(f) Membership subscriptions

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

(g) Expenditure

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

(h) Allocation of resources expended

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

Charitable activities expenditure enable Alzheimer Scotland to meet its charitable aims and objectives. Governance costs are associated with the governance arrangements of the charity, and relate to the general running of the charity at a strategic level.

These costs include audit fees, directors' indemnity, insurance and costs associated with meeting constitutional and statutory requirements such as cost of Director's meetings. Support costs are those

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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 (2014 £5,000) including VAT are capitalised and depreciated.

(k) Cashflow and Liquid resources

Cash flows comprise increases and decreases in cash. Includes 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.

(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, represent 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) 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

(o) 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.

(p) Value added tax

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

2. Activities for generating funds

	2015 £	2014 £	2015 £	2014 £
Trust grants & trust donations	351,814	356,988		
Event, appeals and other fundraising	350,086	360,659		
Shops	158,344	123,275		
			860,244	840,922
Sales & rentals			2,636	1,705
			<u>862,880</u>	<u>842,627</u>

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3. Fundraising income

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

	2015 £	2014 £	2015 £	2014 £
Voluntary income – donations and legacies			5,452,301	5,203,309
Activities for generating funds				
Trust grants & trust donations	351,814	356,988		
Events, appeals and other fundraising	350,086	360,659		
Shops	158,344	123,275		
Sales & rentals	2,636	1,705		
			862,880	842,627
			<u>6,315,181</u>	<u>6,045,936</u>

4. Incoming resources from charitable activities

	Provision of care related services £	Awareness raising £	Campaigning £	Involvement £	2015 Total £	2014 Total £
Public funding	11,120,238	51,420	181,084	221,560	11,574,302	11,842,824
Service user income	1,245,893	0	0	0	1,245,893	1,173,316
Other charitable income	22,754	30,655	43,911	0	97,320	140,813
	<u>12,388,885</u>	<u>82,075</u>	<u>224,995</u>	<u>221,560</u>	<u>12,917,515</u>	<u>13,156,953</u>

Public funding included the following Scottish Government grants:

	2015 £	2014 £
Dementia Nurses Funding	153,492	549,915
AHP Project	209,982	141,000
Section 10, Social Work (Scotland) Act 1968	100,000	100,000
Self Directed Support Project Funding	90,833	90,153
Dementia Strategy Dialogue - Champions	3,700	41,500
Promoting Excellence Funding	30,000	30,000
National Dementia Programme - JIT	67,591	25,666
Section 16 HL	7,640	9,240
Information Leaflet	2,072	5,839
	<u>665,310</u>	<u>993,313</u>

5. Costs of generating funds

	Activities undertaken directly £	Support costs £	2015 Total £	2014 Total £
Fundraising costs	413,256	33,507	446,763	648,548
Shops	87,810	0	87,810	68,366
Costs of managing investments	1,902	0	1,902	0
	<u>502,968</u>	<u>33,507</u>	<u>536,475</u>	<u>716,914</u>

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 Resource, IT and Finance.

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6. Costs of charitable activities

	Activities undertaken directly	Research	Support costs	2015 Total	2014 Total
	£	£	£	£	£
Provision of care related services	16,744,907	0	1,357,695	18,102,602	17,308,693
Awareness raising	28,262	0	2,291	30,553	16,825
Campaigning	235,841	0	19,122	254,963	172,571
Involvement	143,353	0	11,623	154,976	128,298
Research	0	232,825	0	232,825	199,309
	<u>17,152,363</u>	<u>232,825</u>	<u>1,390,731</u>	<u>18,775,919</u>	<u>17,825,696</u>

Operating lease rentals of £264,628 (2014 - £205,760) are included in activities undertaken directly.

7. Analysis of support costs

	Fundraising incl shops	Provision of care related services	Awareness raising	Campaigning	Involvement	2015 Total	2014 Total
Support cost	£	£	£	£	£	£	£
Management	5,990	242,710	410	3,418	2,078	254,606	299,467
Finance	12,005	486,417	820	6,851	4,164	510,257	562,742
IT	8,311	336,759	568	4,743	2,883	353,264	303,463
Human resources	7,202	291,809	493	4,110	2,498	306,112	204,948
	<u>33,508</u>	<u>1,357,695</u>	<u>2,291</u>	<u>19,122</u>	<u>11,623</u>	<u>1,424,239</u>	<u>1,370,620</u>

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

8. Governance costs

	2015 £	2014 £
Audit fees	22,260	17,662
Non audit fees	3,304	2,730
Directors' indemnity insurance	1,903	2,014
Directors' meetings and other costs (including AGM costs)	39,543	27,028
	<u>67,010</u>	<u>49,434</u>

Within directors' meetings and other costs, 7 members of council received travel and subsistence expenses of £5,348 (2014 - 9 members received £3,472).

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9. Staff payroll costs and numbers

	2015	2014
	£	£
Wages and salaries	11,874,442	11,894,745
Social security costs	782,540	733,713
Pension costs	502,586	488,130
	13,159,568	13,116,588
Number of employees earning between £70,000 and £80,000	0	1
Number of employees earning between £80,000 and £90,000	1	0

The average number of full time equivalent employees during the year was 466 which comprised 358 support staff and 108 administrative staff (2014: 360 support staff , 98 administrative - 458).

No trustees received any remuneration from the company during the year (2014 - £nil).

David McClements, a member of Board, is a partner in Russell + Aitken, which received £5,996 (2014 - £2,288) for legal advice given during the year at their standard price.

Douglas Philips, a member of Board, received £60,677 in relation to his consultancy on the Focus on Dementia project (2014 - £13,375)

10. Tangible fixed assets

	Heritable property	Leasehold property	Motor vehicles	Fixtures & fittings	Total
Group and Company	£	£	£	£	£
Cost:					
At 1 April 2014	5,485,997	173,329	237,922	1,189,747	7,086,995
Additions	663,365	0	0	267,237	930,602
Disposals	0	0	(25,176)	(12,173)	(37,349)
At 31 March 2015	6,149,362	173,329	212,746	1,444,811	7,980,248
Depreciation:					
At 1 April 2014	(691,151)	(99,666)	(184,827)	(538,116)	(1,513,760)
Charge for year	(115,660)	(4,333)	(34,281)	(210,955)	(365,229)
On disposals	0	0	25,176	8,705	33,881
At 31 March 2015	(806,811)	(103,999)	(193,932)	(740,366)	(1,845,108)
Net book value:					
At 31 March 2015	5,342,551	69,330	18,814	704,445	6,135,140
At 31 March 2014	4,794,846	73,663	53,095	651,631	5,573,235

During 2014/15 Alzheimer Scotland purchased fixed assets totalling £930,602. The assets purchased were Dementia Resource Centres in Aberdeen £403,225, Shetland £102,710, Tain £73,792 and Arbroath £62,646, Works in Dingwall £50,375. IT replacement £70,717, Intranet £57,468 and other £109,669.

The fixed assets were purchased from cash reserves. The subsidiary undertakings have no fixed assets.

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11. Investments - funds

	2015 £	2014 £
Market value:		
At 1 April 2014	0	0
Purchase of investments at cost	1,000,000	0
	1,000,000	0
Movement in market value	52,479	0
Management fees	(1,902)	0
Cash held for investment	8,625	0
At 31 March 2015	1,059,202	0
Represented by:		
Listed equities	1,050,577	0
Cash held for investment purposes	8,625	0
	1,059,202	0
Fixed income	371,633	0
UK equities	224,093	0
Global equities	321,177	0
Property	49,644	0
Alternative investments	61,418	0
	1,027,965	0
Liquid investments	22,612	0
Cash	8,625	0
At 31 March 2015	1,059,202	0
Investments held at cost:		
Listed equities	1,000,000	0
Cash held for investment purposes	8,625	0
	1,008,625	0

Listed investments include overseas investments of £450,161 (42.5%) (2013: £0).

No individual holding was found to represent in excess of 5% of the market value of Alzheimer Scotland's portfolio.

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

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11. Investments - subsidiary undertakings

	Group £	Company £
At 1 April 2014	0	2,000
Disposals	0	(1,000)
At 31 March 2015	0	1,000

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

	Principal activity	Class of share	Holding %	Aggregate capital and reserves £	Profit for year £
Dementia Scotland Limited	Retail	Ordinary	100	1,000	0

Dementia Scotland Limited – Summary of Results

	2015 £	2014 £
Turnover	137,291	82,268
Operating expenses – operations	(68,907)	(27,809)
Operating expenses – audit fees	(3,600)	(1,931)
Gift to Alzheimer Scotland – Action on Dementia	(64,784)	(52,528)
	0	0
Net assets	1,000	1,000

Alzheimer Scotland Renfrew Shop Limited – Summary of Results

	2015 £	2014 £
Turnover	21,053	41,007
Operating expenses – operations	(18,903)	(40,557)
Operating expenses – audit fees	(1,020)	(1,431)
Interest receivable	0	0
Gift to Alzheimer Scotland – Action on Dementia	(149)	0
Profit/(Deficit) for the period	981	(981)
Net assets		19

Alzheimer Scotland Renfrew Shop Limited has been dissolved. Renfrew shop and other trading activities have been combined into Dementia Scotland Limited during this year. The results above show the financial performance up until the point of transfer only. This transfer occurred on 7th October 2014.

12. Debtors

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Service debtors	771,013	779,179	771,013	779,179
Other Debtors	1,217,396	1,255,456	1,343,990	1,309,050
Prepayments	200,720	176,489	135,620	174,515
	2,189,129	2,211,124	2,250,623	2,262,744

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13. Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Deferred income (note 14)	780,941	1,074,801	701,386	1,074,801
Other creditors and accruals	1,394,070	1,223,877	1,463,515	1,219,120
Pension costs	52,191	53,939	52,191	53,939
Social security costs and other taxes	198,832	218,912	198,832	218,912
	2,426,034	2,571,529	2,415,924	2,566,772

14. Deferred income

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Balance brought forward	1,074,801	843,417	1,074,801	843,417
Deferred income receivable	780,941	1,074,801	701,386	1,074,801
Deferred income released to statement of financial activities	(1,074,801)	(843,417)	(1,074,801)	(843,417)
Balance carried forward	780,941	1,074,801	701,386	1,074,801

15. Unrestricted Funds

	Notes	Balance at 1 April 2014 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2015 £
General funds		6,476,503	7,074,347	(4,499,818)	(3,418,023)	5,633,009
Designated funds:						
Service Development Fund	a	167,510	0	0	(12,500)	155,010
Fixed Assets	b	5,573,235	0	(331,348)	893,253	6,135,140
Property management reserve	c	231,024	0	(264,252)	200,678	167,450
		5,971,769	0	(595,600)	1,081,431	6,457,600
Total company unrestricted funds		12,448,272	7,074,347	(5,095,418)	(2,336,592)	12,090,609
Subsidiary undertaking profit and loss account reserves		(981)	158,344	(92,430)	(64,933)	0
Total group unrestricted funds		12,447,291	7,232,691	(5,187,848)	(2,401,525)	12,090,609

The Board of Alzheimer Scotland established a legacy policy to ensure that the most efficient use is made of legacy income. The policy states that a legacy reserve be set up and released to fund activities as agreed by Board of Trustees. The transfers column shows the organisation moving its own funds from one heading to another so that funds are available where needed to meet charitable and other expenditure; this includes transfers between unrestricted and restricted funds.

Notes

- a. Internal funding relating to any service development plans.
- b. Reserves covering all our fixed assets.
- c. All funds assigned to owned buildings for any repairs/maintenance. Internal rents transferred into here.

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16. Restricted funds

	Notes	Balance at 1 April 2014 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2015 £
Income funds:						
National Office	a	0	615,832	(449,426)	(166,406)	0
Services	b	227,688	10,958,470	(13,319,188)	2,327,628	194,598
Services - Comic Relief						
Lanarkshire Remember Well	c	0	34,200	(25,357)	0	8,843
Services - Big Lottery Seize the Day	d	32,197	19,513	(51,120)	(590)	0
		<u>259,885</u>	<u>11,628,015</u>	<u>(13,845,091)</u>	<u>2,160,632</u>	<u>203,441</u>
Other funds:						
Restricted legacy reserve	e	299,154	192,224	0	(60,096)	431,282
Research reserve	f	361,061	218,123	(232,990)	302,250	648,444
Short Break reserve	g	25,317	35,707	(59,763)	(1,261)	0
Dementia Dogs reserve	h	23,211	34,628	(54,676)	0	3,163
		<u>708,743</u>	<u>480,682</u>	<u>(347,429)</u>	<u>240,893</u>	<u>1,082,889</u>
Total company and group restricted funds		<u>968,628</u>	<u>12,108,697</u>	<u>(14,192,520)</u>	<u>2,401,525</u>	<u>1,286,330</u>

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. Income from Comic Relief restricted to Lanarkshire Remember Well project.
- d. Big Lottery Seize the Day income restricted to support groups in the Aberdeen and Aberdeen City area.
- e. Restricted legacy reserve income is from bequests that specify an area for the donations to be spent.
- f. Research reserve income is where bequests and donations specify research.
- g. Short Break reserve income is received to fund short breaks for service users and their carers.
- h. Dementia Dogs reserve income is restricted to fund the Dementia dog initiative.

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

The restricted legacy reserve contains legacies received whose use is restricted by geographic area or purpose.

The restricted services fund represents donations received from Standard Life to fund dementia advisers.

The research reserve comprises donations received specifically to fund research into dementia.

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

The subsidiary companies have no restricted funds.

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17. Endowment fund

	Group and Company	
	2015	2014
The Michael Clutterbuck Bequest	£	£
	120,589	119,839
Interest	762	750
	121,351	120,589
Less: expenditure	0	0
Closing balance	121,351	120,589

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

18. Analysis of assets and liabilities among funds

	General funds £	Designated funds	Restricted funds £	Endowment funds £	Total funds £
Company					
Tangible fixed assets	6,135,140	0	0	0	6,135,140
Investments	1,060,202	0	0	0	1,060,202
Net current assets	(1,562,333)	6,457,600	1,286,330	121,351	6,302,948
	5,633,009	6,457,600	1,286,330	121,351	13,498,290
Group					
Tangible fixed assets	6,135,140	0	0	0	6,135,140
Investments	1,059,202	0	0	0	1,059,202
Net current assets	(1,561,333)	6,457,600	1,286,330	121,351	6,303,948
	5,633,009	6,457,600	1,286,330	121,351	13,498,290

19. Pension and retirement benefits

The company operates two pensions 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 £502,525 (2014 - £488,130).

20. Operating lease commitments

	Group		Company	
	Land & buildings 2015 £	Land & buildings 2014 £	Land & buildings 2015 £	Land & buildings 2014 £
The company had commitments under non-cancellable leases expiring as follows.				
Within one year	260,853	163,639	205,163	147,699
Total	260,853	163,639	205,163	147,699

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

	2015 £	2014 £
Net incoming/(outgoing) resources	(90,697)	677,177
Depreciation charge for the year	365,229	297,993
Decrease/(increase) in debtors	20,895	33,299
(Decrease)/increase in creditors	(145,495)	532,366
Loss on sale of assets	3,268	0
Investment income	(56,011)	(66,332)
Net cash inflow from operating activities	<u>97,189</u>	<u>1,474,503</u>

Analysis of movements in net funds

	Opening 2014 £	Cashflows £	Closing 2015 £
Cash at Bank and in hand	4,823,678	(1,798,862)	3,024,816
Short term deposits	3,500,000	24,661	3,524,661
Total	<u>8,323,678</u>	<u>(1,774,201)</u>	<u>6,549,477</u>

22. Post Balance Sheet Events

Alzheimer Scotland purchased a property in Bridgeton Cross, Glasgow for £300,000 during July 2015 for use as a Dementia Resource Centre, refurbishment costs are likely to be in the region of £150,000, with work starting in August 2015.