

Scottish Business in the Community
(A company limited by guarantee)

Annual report
for the year ended 31 May 1996

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Scottish Business in the Community

(A company limited by guarantee)

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Directors and advisors

Directors

Tom Farmer CBE (Chairman)
Barry Sealey CBE (Vice-Chairman)
George C Borthwick CBE
Campbell Christie
Sir Charles Fraser KCVO
Sir Russell Hillhouse KCB
David Logan
Trevor Slater OBE
Professor John Ward CBE
William Thornton
John Mackay

Chief Executive

John Moorhouse

Secretary and registered office

Mrs J McCulloch
Romano House
43 Station Road
Edinburgh
EH12 7AF

Auditors

Coopers & Lybrand
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Solicitors

W&J Burness WS
16 Hope Street
Edinburgh
EH2 4DD

Bankers

TSB Bank Scotland plc
PO Box 177
120 George Street
Edinburgh
EH2 4TS

Report of the directors for the year ended 31 May 1996

The directors present herewith their report and the audited financial statements for the year ended 31 May 1996.

The statement of financial activities for the year is set out on page 7.

Principal activities

The principal activity of the company is the promotion, in Scotland, of business involvement with the community. The organisation is recognised as a charity for tax purposes by the Inland Revenue (CR 43854).

The company performs this activity through the support and encouragement of initiatives such as Business Support Groups, Action Scotland, SCORE, Employer Supported Volunteering, Windsor Meetings, The Prince's Trust and Young Enterprise Scotland.

Review of the business

71 companies and organisations subscribe centrally to these activities and 62 support their implementation with a financial or in-kind contribution. A further 200 businesses provide direct support to local initiatives. During the year the following organisations committed significant resources through the secondment of personnel:- The Employment Service, The Royal Bank of Scotland plc, Royal Mail, The Scottish Office, Scottish Prison Service and Scottish Widows' Fund and Life Assurance Society. The British Rail Community Unit made specific provision to SCORE through honoraria for 3 part-time staff and, together with BT and Channings, funded a Business Support Group manager.

A target list of potential member companies has now been compiled and a three-pronged strategy on membership recruitment has been agreed involving the chairman, the Director and the Executive Council. Five new members joined during the year and it is intended to target at least a further ten in the coming year. It was confirmed in the course of examination of the funding of SCORE that the project remained an intrinsic part of the organisation's work and that every effort should be made to ensure it was sustainable. Cautious expenditure throughout the year and a major change in the activities of the organisation has resulted in costs being reduced during the year. Where possible the company will continue to seek in-kind support from member companies, thereby further decreasing direct costs.

The directors express their thanks to all sponsors and supporters of the company.

Report of the directors
for the year ended 31 May 1996 (continued)

Review of the business (continued)

A representative Association for the Enterprise Trusts has now been established, a Board has been elected and a Chief Executive appointed. Business Enterprise Scotland is a company limited by guarantee and, in structure, is a membership organisation owned by the Enterprise Trusts themselves. SBC has been very careful to ensure a smooth handover of all Trust related activity to the new Association, which has been assisted by BES's presence in Romano House. A link will also be maintained at Executive Council and Board level of the two organisations. This will be the last year that SBC will handle the funds held for Enterprise Trusts, the responsibility for which has now passed to BES. There was only residual activity in the training field during the year and, again, this activity has now passed to BES.

To assist in the formation of BES, SBC acted as a clearinghouse for the Association's funds where appropriate. From the year end this service will extend only to the payment of staff salaries.

A further Business Support Group was launched in Easterhouse in August 1995 bringing the total number of BSGs to twelve (Westerhailes, North Edinburgh, Craigmillar, Ferguslie Park, Drumchapel, Castlemilk, Abbeyview (Dunfermline), Stirling, Whitfield, Easterhouse, Mayfield (Dalkeith) and Perth). SBC plans to expand the BSG movement in line with The Scottish Office's plans for urban regeneration and discussions are ongoing with the new unitary authorities.

The third BSG Conference was held on 5 and 6 November 1995.

Throughout the year SBC continued to provide an administrative service to the Area Manager and the Secondment Development Manager for Action Scotland, part of Business in the Community. Action Scotland's principal activity is the promotion of short term development assignments involving the placement of employees from the private and public sectors into community and voluntary organisations for periods of 100 hours up to 3 months. Following discussions with Business in the Community it was agreed that, with effect from 1 July 1996, the activities of Action Scotland would be undertaken by SBC.

Report of the directors for the year ended 31 May 1996 (continued)

The liability of each of the guarantors in the event of a winding up is limited to £5. At 31 May 1996 there were 12 guarantors in the register of members.

Directors

The following were the directors of the company in the year to 31 May 1996:

Tom Farmer CBE	(Chairman)
Barry Sealey CBE	(Vice-Chairman)
George C Borthwick CBE	
Campbell Christie	
Sir Charles Fraser KCVO	
Sir Russell Hillhouse KCB	
David Logan	
Trevor Slater OBE	
Professor John Ward CBE	
Sir James Mellon KCMG	(Resigned 6 March 1996)
William Thornton	
John Mackay	
Dr Alan Brown	(Resigned 28 June 1995)

In accordance with the company's Articles of Association, the following directors retired and were re-elected:

Sir James Mellon KCMG
Trevor Slater OBE
Professor John Ward CBE

Changes in fixed assets

The movements in fixed assets during the year are set out in note 8 to the accounts.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 May 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

Report of the directors
for the year ended 31 May 1996 (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

Jennifer McCulloch

Secretary
Edinburgh,

12 September 1996

Report of the auditors to the members of Scottish Business in the Community (A company limited by guarantee)

We have audited the financial statements set out on pages 7 to 19.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

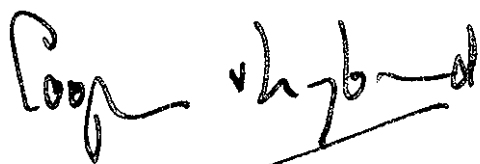
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 May 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Edinburgh,

18. September. 1996

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Statement of financial activities for the year ended 31 May 1996

	Notes	Unrestricted Funds £	Restricted Funds £	Total 1996 £	Total 1995 £
Income & Expenditure					
Incoming resources -					
Continuing	2				
Subscriptions		174,780	-	174,780	172,550
Sponsorship		-	68,201	68,201	152,140
Training & Conference Fees		8,245	-	8,245	41,248
Bank interest		3,035	-	3,035	2,213
Other income		1,409	-	1,409	1,483
Total incoming resources		187,469	68,201	255,670	369,634
Change in stock		34	-	34	(864)
		187,503	68,201	255,704	368,770
Resources expended					
Direct charitable expenditure	3	20,532	35,141	55,673	82,956
Management and administration of the charity	4	176,435	33,060	209,495	237,866
		196,967	68,201	265,168	320,822
Less: Contribution from Action Scotland		(10,045)	-	(10,045)	(9,484)
		186,922	68,201	255,123	311,338
Surplus for year - continuing					
	6	581	-	581	57,432
Statement of accumulated surplus				£	£
Accumulated surplus/(deficit) at 31 May 1995				11,640	(45,792)
Surplus for the year				581	57,432
Accumulated surplus at 31 May 1996				12,221	11,640

The company has no recognised gains and losses other than the surplus above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the surplus for the year stated above and its historical cost equivalent.

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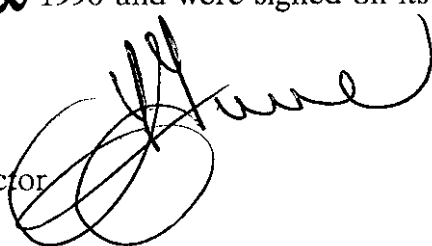
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Balance sheet - 31 May 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	8	<u>20,002</u>	<u>14,236</u>
Current assets			
Debtors	9	16,482	14,331
Stock	10	379	345
Cash at bank and in hand	11	<u>135,638</u>	<u>116,737</u>
		<u>152,499</u>	<u>131,413</u>
Creditors - amounts falling due within one year	12	<u>29,964</u>	<u>24,788</u>
Net current assets		<u>122,535</u>	<u>106,625</u>
Total assets less current liabilities		<u>142,537</u>	<u>120,861</u>
Creditors - amounts falling due after more than one year	13	<u>4,889</u>	<u>-</u>
Net assets		<u><u>137,648</u></u>	<u><u>120,861</u></u>
Representing:-			
Unrestricted funds			
Accumulated surplus		12,221	11,640
Restricted funds			
Funds held for Enterprise Trusts	15	108,654	93,209
Steps into Work	16	16,799	16,071
Windsor Meetings in Scotland	17	245	-
Support for Business Enterprise Scotland	18	(120)	-
Support for Young Enterprise Scotland	19	(151)	(59)
		<u><u>137,648</u></u>	<u><u>120,861</u></u>

The financial statements on pages 7 to 19 were approved by the board of directors on 3 September 1996 and were signed on its behalf by:

Director



Notes to the financial statements for the year ended 31 May 1996

1 The company does not seek to make a profit, nor can its achievements be measured by normal commercial criteria. In order that a true and fair view of its activities should be given in these accounts, the directors have set out on page 7 a Statement of Financial Activities which shows the results for the year, but in a format other than as prescribed in the Companies Act 1985. In the opinion of the directors this provides greater clarity on the nature of the company's activities, and discloses in sufficient detail information relating thereto, as required by the Companies Act 1985.

2 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and Statement of Recommended Practice ("Accounting by Charities"). As in previous years, the financial statements are prepared in accordance with the historical cost convention. A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

Subscriptions

Subscription income is taken into account on a cash basis unless a contract is in place in which case it is accrued into the period to which it relates.

Expenditure

All operating expenditure, including costs of preparing and printing publications, is written off in the year in which it is incurred.

Income and expenditure arising from the management of specific projects on behalf of other agencies is excluded from the company's Statement of Financial Affairs.

Tangible fixed assets

Provision for depreciation is made so as to write-off the cost of fixed assets, which are stated at their purchase price, on a straight line basis over the expected useful economic life of the assets concerned. The principal rates used, which are consistent with those of the previous period, are:-

Office fittings	10%
Office equipment	20%
Motor vehicles	25%

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

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2 Accounting policies (continued)

Stock

Stocks are stated at the lower of cost and net realisable value.

Cash flow statement

The company qualifies as a small company under the terms of section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

3 Direct charitable expenditure

	Unrestricted Funds £	Restricted Funds £	Total 1996 £	Total 1995 £
Business Support Groups	6,753	22,000	28,753	18,309
Enterprise development	819	3,691	4,510	12,277
Environmental projects	-	-	-	3,363
Scottish Corps of Retired Executives	9,971	-	9,971	12,591
Training & conferences	2,989	-	2,989	35,033
Working together activities	-	9,450	9,450	1,383
	<u>20,532</u>	<u>35,141</u>	<u>55,673</u>	<u>82,956</u>

4 Management and administration of the charity

	Unrestricted Funds £	Restricted Funds £	Total 1996 £	Total 1995 £
Business awards	-	-	-	739
Depreciation	8,106	-	8,106	5,832
(Gain)/loss on sale of fixed asset	(3,300)	-	(3,300)	25
Loan interest	500	-	500	-
Office service costs	19,591	-	19,591	14,793
Pension contributions	11,390	-	11,390	6,480
Postage & stationery	8,657	-	8,657	8,049
Publications & newspapers	1,888	-	1,888	932
Quality programme	-	-	-	54
Rent	23,053	-	23,053	24,063
Salaries	79,334	33,060	112,394	148,294
Staff development	911	-	911	3,645
Sundry office & administration expenses	4,023	-	4,023	971
Telephone	5,088	-	5,088	5,074
Travel & subsistence	17,194	-	17,194	18,915
	<u>176,435</u>	<u>33,060</u>	<u>209,495</u>	<u>237,866</u>

5 Corporation tax

The company acquired charitable status with effect from 26 December 1988, and is therefore exempt from taxation under section 505, Income and Corporation Taxes Act 1988.

6 Surplus for the year

The surplus for the year is stated after charging

	1996 £	1995 £
Hire of office equipment - operating leases	<u>5,346</u>	<u>5,346</u>

The directors and auditors have agreed to provide their services on an honorary basis. Accordingly, no directors' emoluments or auditors' remuneration have been charged in arriving at the surplus for the year.

7 Employee information

- (a) The average number of persons directly employed by the company is analysed below:-

	1996	1995
Administration	<u>6</u>	<u>8</u>

- (b) Company employment costs:

	1996 £	1995 £
Gross wages	102,210	135,461
Employer's national insurance contributions	10,184	12,833
Pension contributions	11,390	6,480
	<u>123,784</u>	<u>154,774</u>

7 Employee information (continued)

- c) In addition to the above the company has received the services of eight executive staff seconded at no charge from their employers; Employment Service, The Scottish Office, The Scottish Prison Service, Scottish Widows' Fund and Life Assurance Society, Royal Mail and The Royal Bank of Scotland plc. Without this assistance, which is valued at £345,050, the company could not have carried out its operations. The company also received the services of three part-time staff valued at £17,200 a year.

(d) Pension Scheme

The company participates in a defined contribution pension scheme for their employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £11,390 (1995: £6,480).

8 Fixed assets

	Office equipment £	Office fittings £	Motor vehicles £	Total £
Cost				
At 31 May 1995	26,201	29,551	17,474	73,226
Additions	-	-	13,872	13,872
Disposals	-	-	(11,000)	(11,000)
At 31 May 1996	26,201	29,551	20,346	76,098
Depreciation				
At 31 May 1995	23,461	21,563	13,966	58,990
Charge for year	1,082	1,937	5,087	8,106
Disposals	-	-	(11,000)	(11,000)
At 31 May 1996	24,543	23,500	8,053	56,096
Net book value				
At 31 May 1996	1,658	6,051	12,293	20,002
Net book value				
At 31 May 1995	2,740	7,988	3,508	14,236

9 Debtors

Amounts falling due within one year:-

	1996 £	1995 £
Sundry debtors	6,742	4,413
Prepayments and accrued income	9,740	9,918
	<u>16,482</u>	<u>14,331</u>

10 Stock

	1996 £	1995 £
Consumables	379	345
	<u>379</u>	<u>345</u>

11 Cash at bank and in hand

Cash at bank includes the funds referred to in notes 15, 16, and 17.

12 Creditors

Amounts falling due within one year:-

	1996 £	1995 £
Bank loan (see note 13 (a))	3,667	-
Other taxation and social security	3,498	4,779
Sundry creditors	8,357	1,235
Accruals and deferred income	14,442	18,774
	<u>29,964</u>	<u>24,788</u>

13 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Bank loan (a)	4,889	-
	<u> </u>	<u> </u>

(a) Bank loan

	1996 £	1995 £
Repayable as follows:-		
In one year or less	3,667	-
Between one and two years	3,667	-
Between two and five years	1,222	-
	<u> </u>	<u> </u>
	8,556	-
	<u> </u>	<u> </u>

The loan of £8,556 is subject to interest of 2% over the bank base rate and is repayable in monthly instalments over the period to September 1998.

14 Financial commitments

As at 31 May 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996 £	1995 £
Expiring between 2 and 5 years	5,346	5,346
	<u> </u>	<u> </u>

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15 Funds held for Enterprise Trusts

These represent sums donated to the company, for distribution to local Enterprise Trusts, which have been allocated but not distributed. The funds recognise receipts on a cash basis and may include donations in respect of more than one year.

	£
Balance at 31 May 1995	93,209
Contributions received	
John Menzies plc	3,000
Clydesdale Bank plc	22,500
TSB Bank Scotland plc	22,500
Bank of Scotland	22,500
The Royal Bank of Scotland plc	22,500
Total	93,000
	186,209
Distributions made	
Aberdeen Enterprise Trust	14,000
ASSET Trust	4,000
The Capital Enterprise Trust	9,000
Cumnock and Doon Enterprise Trust	1,250
Clydesdale Development Company	5,000
Dumbarton District Enterprise Trust	10,000
Glasgow Opportunities	11,500
Gordon Enterprise Trust	2,500
Kilmarnock Venture Enterprise Trust	1,250
Midlothian Enterprise Trust	2,500
South Fife Enterprise Trust	2,500
Total	63,500
Strategic Projects	
The Greenhouse Club	1,500
Service Quality Review	12,555
Total	77,555
Balance at 31 May 1996	108,654

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16 Steps into Work

These represent sums managed by the company on behalf of the Edinburgh Business Support Group network in order to deliver job readiness training to unemployed people. The fund recognises receipts on a cash basis and may include donations in respect of more than one year.

	£
Balance at 31 May 1995	16,071
Contributions received	
LEEL	2,280
	18,351
Distributions made	
Craigmillar Festival Society	522
Wester Hailes Management Agency Ltd	630
	1,152
Bonus payments to participants	400
	1,552
Balance at 31 May 1996	16,799

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17 Windsor Meetings in Scotland

These funds represent sums managed by the Company on behalf of the Windsor Meetings in Scotland for the purpose of organising twice yearly meetings of "tomorrow's leaders" from all walks of life. The fund recognises receipts on a cash basis and may include donations in respect of more than one year.

	£
Balance at 31 May 1995	-
Contributions received	11,619
Distributions made	
Meeting costs	10,783
Administration expenses	591
	11,374
Balance at 31 May 1996	245

18 Business Enterprise Scotland

Business Enterprise Scotland is the new representative organisation for the Enterprise Trusts in Scotland. To assist in the formation of BES, SBC acted as a clearinghouse for the Association's funds during the year. From May onwards this service will extend only to the payment of staff salaries.

	£
Balance at 31 May 1995	-
Contributions received	
Subscription fees	29,225
Sponsorship	10,418
BES - reimbursements	8,817
	48,460
Distributions made	
Repayment of subscription fees	14,721
Service quality review	20,435
Administration costs	3,569
Car leasing costs	2,343
BES - salary	5,915
Strategic projects	1,597
	48,580
Balance at 31 May 1996	(120)

19 Young Enterprise Scotland

The company administers funds, as a service in-kind, provided by YES for the payment of staff salaries.

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The directors are grateful for the continued generous sponsorship by the following companies:

Alcan Smelting and Power UK	Scottish Gas
Alexander Russell plc	Scottish Homes
Arjo Wiggins Fine Papers Limited	Scottish Life Assurance Company
Arthur Andersen & Co	Scottish Mutual Assurance Society
Bank of England	The Scottish Office
Bank of Scotland	Scottish Power
Barr Holdings Limited	Scottish Prison Service
Ben Line Group Limited	Scottish Widows' Fund & Life Ass. Society
The Boots Company plc	Shell U.K. Limited
British Airways Scotland	Standard Life Assurance Co
British Coal Enterprise Limited	D C Thomson & Co Limited
The British Petroleum Company plc	TSB Bank Scotland plc
British Steel (Industry) Limited	United Biscuits plc
BT plc	United Distillers plc
The Burton Group plc	The Town House
Caledonian Publishing Limited	The Weir Group plc
Calor Gas Ltd	Willis Corroon Scotland plc
Clydesdale Bank plc	John Wood Group plc
Coats Viyella plc	Whitbread plc
Employment Service	
Esso Petroleum Co Limited	
Ethicon Limited	
James Finlay plc	
General Accident plc	
The Highland Distilleries Co plc	
Highlands & Islands Enterprise	
IBM United Kingdom	
Johnston Press plc	
Kwik-Fit Holdings plc	
Marks & Spencer plc	
Midland Bank plc	
John Menzies plc	
National Westminster Bank plc	
KPMG	
Prudential Corporation plc	
Redland plc	
Robertson & Baxter Limited	
The Royal Bank of Scotland plc	
Royal Mail	
Christian Salvesen plc	
J Sainsbury plc	
ScotRail	
The Scotsman Publications Limited	
Scottish Amicable Life Assurance Society	
Scottish Brewers Limited	
Scottish Enterprise	