

Scottish Business in the Community
(A company limited by guarantee)
Annual report
for the year ended 31 May 2000

Registered Number SC80355

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Scottish Business in the Community
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for the year ended 31 May 2000
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Scottish Business in the Community
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Directors and Advisors for the year ended 31 May 2000

Directors

George C Borthwick CBE (Chairman)
The Hon Mark H Laing (Vice-Chairman)
Oonagh Aitken
J P Dugdale Bradley
Dr Robert Crawford
Brian J Dempsey
Gerard J P Eadie
Janet M Hamblin
David B Justice MBE
A Muir Russell
Barry E Sealey
Jane Scott
Professor John M Ward CBE

Chief Executive

Samantha Barber (appointed 15 May 2000)

Secretary and registered office

James A Graham (appointed 10 June 2000)
115 George Street
Edinburgh
EH2 4JN

Auditors

PricewaterhouseCoopers
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Solicitors

Brodies Solicitors
15 Atholl Crescent
Edinburgh
EH3 8HA

Bankers

Lloyds TSB Bank plc
28 Hanover Street
Edinburgh
EH2 2DS

Scottish Business in the Community

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Directors' report for the year ended 31 May 2000

Principal Activities

The principal activity of the company is to engage business in the development of communities across Scotland. The organisation is recognised as a charity for tax purposes by the Inland Revenue (CR43854). The company achieves this through the development of programmes which support the social and economic regeneration of communities including Business Support Groups, Development Assignments, Professional Firms Group, Senior Executive Programme and Partners in Leadership.

Review of the Business

The year under review was one of significant changes in management and staff:

Resignations

Sir Tom Farmer resigned as Chairman of the company at the Annual General Meeting on 10 December 1999. His exceptional contribution to the organisation over the years was highlighted at that event. Although Sir Tom has relinquished all operational responsibilities for the company he continues to give considerable support. The directors would like to express their sincere thanks for the generous contribution made to SBC by Sir Tom.

Barry Sealey resigned as Vice Chairman of SBC at the AGM on 10 December 1999 but will continue using his considerable experience and skills to provide guidance to the company as a director.

Frank Pignatelli, Chief Executive, also resigned at the Annual General Meeting on 10 December 1999 in order to assume a similar position with The Scottish University for Industry. Frank's significant success in increasing the profile of Scottish Business in the Community and implementing the action plan arising from his review of 1998 was greatly appreciated.

Board Directors Douglas Sinclair (6/9/99) and Crawford Beveridge CBE (22/1/00) resigned during the year.

Jennifer McCulloch, Deputy Chief Executive & Company Secretary resigned in June 2000 after 14 years of service to the company.

Appointments

George Borthwick CBE was appointed Chairman of Scottish Business in the Community at the Annual General Meeting of 10 December 2000. George, who is President of Ethicon Europe, brings a wealth of knowledge and experience to the position from his business career and his long standing involvement with the SBC.

The Hon Mark Laing, Managing Director of Simmers of Edinburgh Ltd and a Board Member of SBC was appointed Vice Chairman at the AGM on 10 December 2000. Mark's experience and skills as Chairman of Business Community Connections, as a former operational director of United Biscuits plc and in his current business responsibilities are a valuable asset to the company.

Oonagh Aitken, Chief Executive Convention of Scottish Local Authorities (10/12/99), Brian Dempsey, Chairman & Chief Executive of Strathvale Holdings Ltd (10/12/99) and Robert Crawford, Chief Executive of Scottish Enterprise Network (18/4/00) joined as Board Directors of SBC during the year.

Samantha Barber, previously Director of Business for Scotland, joined the company as Chief Executive on 15 May 2000. Samantha's experience and involvement with the business community in Scotland provides an opportunity for further developing Scottish Business in the Community.

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Appointments (continued)

Tom McAughtrie, formerly a senior human resources manager with Cadbury Schweppes joined the company in November 1999 as Director of Operations. Tom has specific responsibility for developing the Business Support Group initiative.

Jim Graham was appointed Company Secretary on 10 June 2000. Jim, formerly on secondment with the company from United Biscuits plc and now as a full time employee, has assumed responsibility for financial management and programme co-ordination

Member Recruitment

Four new members were recruited during the year, Transco, CR Smith Glaziers (Dunfermline) Ltd., HBG Construction and The Townhouse Company. This was offset by the loss of Score Outdoor and United Biscuits plc due to their being taken over, and John Menzies due to policy changes.

Operational Highlights

SBC continued to respond to the Scottish Executive's commitment to tackling social exclusion and to rebuilding communities. This response was given maximum publicity at a conference held, significantly, at Scotland's national football stadium Hampden Park, Glasgow on 13 August 1999 where the theme was Social Inclusion – the role of the business community. The event was attended by some 300 guests who were addressed by Donald Dewar First Minister, Sir Tom Farmer Chief Executive of Kwik-Fit and Chairman of SBC and Sir Ian Wood Chairman of Scottish Enterprise. Significant emphasis was placed on showing the best examples of social inclusion initiatives by the private sector.

The consolidation of SBC's position as the natural focus for promoting the involvement of the business community in supporting the social and economic regeneration of communities across Scotland was augmented by the publicity generated by the conference and confirmed by the announcement of the First Minister that SBC would be awarded a grant of £45,000 to develop further the Business Support Groups network.

SBC continued to undertake significant discussions with national agencies and other key bodies. These related mainly to BSG development and included the Scottish Enterprise Network and individual branches, the economic development departments of councils and Social Inclusion Partnership managers. A grant of £25,000 was received from Scottish Enterprise Network being the 2nd of three annual instalments to fund the expansion of the BSG network.

SBC also developed closer collaboration with Quality Scotland, Right Track, The Glasgow Alliance and Castlemilk Economic Development Agency and the sister organisation Business in the Community.

The profile of SBC was further increased by:

The sponsoring of a series of Corporate Citizenship Lectures in 2000 with high profile speakers including Wendy Alexander MSP, Minister for Communities.

The arranging, in conjunction with Marks & Spencer and The New Millennium Experience Company, of a number of business breakfasts. These were aimed at encouraging private sector and other organisations to facilitate employee payroll giving of the last hour's remuneration for 1999 to the Children's Promise Appeal.

The issues raised in the 1998 strategic review and encapsulated in the resulting action plan have been developed and extended in the current year to improve all aspects of the SBC operation:

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- **Business Support Groups (BSG)** comprising representatives of national and local companies committed to investing in communities and thereby addressing the social and economic needs of these areas across Scotland. The number of BSGs was extended with the launch of Dundee BSG in September 1999 and the formation of Perth & Kinross BSG due to be formally launched in November 2000.

The preparatory work on the Perth & Kinross BSG was an excellent example of the integration of SBC's programmes where a considerable contribution was made by a Development Assignment secondee from Employment Service.

The effective integration of SBC's programmes was also highlighted where, due to the loss of BSG managers at Mayfield and Paisley, Senior Executive Programme members were able to provide temporary cover.

- **Development Assignments Programme (DAP)** offers employees tailored development through the completion of a structured time-bound project in the community. Companies participating in the programme included Sainsbury's plc, Halifax plc, Employment Service, Dunfermline Building Society, Contributions Agency, Child Support Agency, Marks & Spencer plc and Royal & Sun Alliance.

The community organisations to which support was given included Right Track, Bethany Christian Trust, Key Housing Association, Edinburgh & Lothian Council on Alcohol, Shelter Scotland, Parkhead Housing Association, Perth & Kinross BSG, CRUSE bereavement care, Clydebank CCTV Trust, Prospects – The National Autistic Society, Barnardo's Freagarrach Project, The Scottish Society for Autism, Glasgow Mentoring Network.

- **Partners in Leadership (PIL)** which brings together business leaders and head teachers for structured exchanges of leadership and management experience was developed in 1999 and rolled out in 2000. A total number of 40 matches were made across Scotland over the year. Business partners included senior managers from KPMG, Rolls Royce, Halifax plc, Royal Bank of Scotland, FI Group, Cap Gemini, Prudential plc, HSBC.
- **Senior Executive Programme (SEP)** supplies senior executives (mainly retired from full time employment) to carry out consultancy and business counselling services for community organisations. SEP is administered by co-ordinators operating in Glasgow, Renfrewshire, Dunbartonshire, Scottish Borders, North Lanarkshire, Ayrshire and Fife.
- **Professional Firms Groups (PFG)** provide much needed pro-bono expert advice and services to local community organisations working to improve the quality of life in local areas.

Financial controls were strengthened during the year with the accounting system, now fully operational, based on SAGE Line 50 provided by DB Projects.

The company relocated within Edinburgh in August 1999 moving from 30, Hanover Street to 115, George Street. The directors wish to record their sincere thanks to Lloyds TSB for their very generous support through the in-kind office accommodation provided both at Hanover Street and George Street. SBC will move to a suite of offices at Ethicon Ltd., 10 Bankhead Crossway South, Edinburgh EH11 4EX in early December 2000.

Cash income comprises member subscriptions, pledges of commitment, sponsorship, development assignment fees and partners in leadership support and, as already mentioned, the grants from Scottish Executive and Scottish Enterprise Network.

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Operational Highlights (continued)

In addition valuable support has been given by the provision of seconded personnel from Scottish Executive, Inland Revenue and Scottish Homes for the management and administration of SBC and by Scottish Widows, Scottish Prison Service and the Employment Service for the operation of Business Support Groups. The total value of this in-kind contribution amounted to £200k.

The Business Support Groups, Development Assignments, Professional Firms Group and Partners in Leadership programmes also attracted/provided further cash and in-kind support. Administration costs of the company were reduced by the provision of supplies and services from PricewaterhouseCoopers, Brodies WS, Daily Record and Sunday Mail, Lloyds TSB, Marriott Hotels Ltd, PS Communication Consultants Ltd, Royal DesignPrint and Shaw Marketing and Design Ltd.

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

Adam & Co plc	KPMG
Alcan Smelting and Power UK Ltd	Kwik-Fit Holdings plc
Alexander Russell plc	Lloyds TSB Scotland
Arcadia Group plc	Marks & Spencer plc
Arjo Wiggins Fine Papers Limited	MICO
Bank of England	Morrison Construction Group plc
Bank of Scotland	Motherwell FC
Barr Holdings Ltd	PricewaterhouseCoopers
BP Amoco	Queen Market University College
British Airports Authority	PRM Marketing Ltd
British Airways Scotland	PS Communication Consultants Ltd
BT plc	Prudential Corporation plc
Brodies WS	Royal Mail
CGNU Insurance plc	Roxburgh Hotel
Canon Scotland Business Machines Ltd	Scottish Brewers Ltd
Cap Gemini UK plc	Scottish Daily Record and Sunday Mail Ltd
Capital Copiers (Edinburgh) Ltd	Scottish Enterprise
CBI Scotland	Scottish Gas
Child Support Agency	Scottish Homes
Clydesdale Bank plc	Scottish Power
Cruden Estates Limited	SCVO
DC Thomson & Co Ltd	Shell U.K Ltd
DB Projects Ltd	Shaw Marketing and Design Ltd
DX Communications	Simmers of Edinburgh
Dunbartonshire Enterprise	Standard Life Assurance Company
Edrington Group	Strathvale Holdings Ltd
Employment Service	The Boots Company Ltd
Ethicon Ltd	The Royal Bank of Scotland plc
FI Group Scotland	The Scotsman Publications Ltd
Fife College of Further Education	The Scottish Executive
Forward Scotland	The Townhouse Company
HBG Group	The Weir Group
HSBC plc	Trainer Outdoor Advertising
Hewden Plant Hire Limited	United Biscuits plc
HLB Kidsons	United Distillers & Vinters plc
Inland Revenue	Volunteer Development Scotland
J Sainsbury plc	Whitbread plc
James Finlay plc	
John Laing Construction Ltd	
John Menzies plc	
John Wood Group plc	
Johnston Press plc	

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Guarantors

The liability of each of the guarantors in the event of a winding up is limited to £5. At 31 May 2000 there were 63 guarantors in the register of members.

Directors

The following were the directors of the company in the year to 31 May 2000:

Sir Tom Farmer CBE	(resigned as Chairman and Board member 10 December 1999)
Barry Sealey CBE	(resigned as Vice Chairman 10 December 1999)
George C Borthwick CBE	(appointed as Chairman 10 December 1999)
The Hon. Mark H Laing	(appointed as Vice Chairman 10 December 1999)
Oonagh Aitken	(appointed 10 December 1999)
Crawford W Beveridge CBE	(resigned 22 January 2000)
J P Dugdale Bradley	
Dr Robert Crawford	(appointed 18 April 2000)
Brian Dempsey	(appointed 10 December 2000)
Gerard J P Eadie	
Janet M Hamblin	
David B Justice MBE	
Barbara M Kelly CBE DL	(resigned 22 July 2000)
A Muir Russell	
Jane Scott	(appointed 14 June 2000)
Douglas Sinclair	(resigned 6 September 1999)
Professor John M Ward CBE	

Changes in fixed assets

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

Millennium Compliance

The directors are fully aware of the implications on computers systems of Year 2000 compliance.

The company experienced no disruption or malfunction since the turn of the year arising from its own computer system or equipment with embedded date reliant computer chips.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true 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 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 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

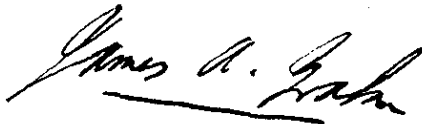
The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'James A. Graham', written over a horizontal line.

J A Graham
Secretary

2 November 2000

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Auditors' report to the members of Scottish Business in the Community (A company limited by guarantee)

We have audited the financial statements on pages 10 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 7, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

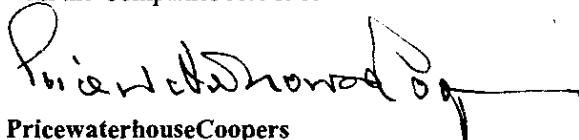
Basis of audit opinion

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 2000 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Edinburgh

3 November 2000

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Profit and loss account for the year ended 31 May 2000

	Notes	Restricted Funds £	Unrestricted Funds £	Total 2000 £	Total 1999 £
Income & Expenditure					
Incoming resources – Continuing operations					
Subscriptions	2	-	140,531	140,531	133,713
Pledges of Commitment		-	2,500	2,500	2,750
Sponsorship		3,100	-	3,100	9,000
Grants received		53,150	-	53,150	10,417
Programme Income		16,271	-	16,271	23,072
Bank interest		-	769	769	218
Other income		-	5,904	5,904	101,852
		72,521	149,704	222,225	281,022
Total incoming resources					
Change in stock		-	(227)	(227)	219
		72,521	149,477	221,998	281,241
Resources expended					
Direct charitable expenditure	3	35,305	25,672	60,977	62,038
Management and administration of the charity	4	2,200	136,434	138,634	248,303
		37,505	162,106	199,611	310,341
Surplus/(deficit) for the year - continuing operations					
	6	35,016	(12,629)	22,387	(29,100)
Statement of Accumulated surplus					
Accumulated (deficit)/surplus at 31 May 1999				(12,240)	20,361
Surplus/(deficit) for the year				22,387	(29,100)
Restricted funds movement				(35,016)	(3,501)
Accumulated deficit at 31 May 2000				(24,869)	(12,240)

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

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

A statement of financial activities as required by SORP 2 has not been prepared, as the directors consider that the relevant information has already been disclosed in the financial statements.

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Balance sheet as at 31 May 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	8	8,643	5,520
Current assets			
Debtors	9	8,804	7,113
Stock	10	200	427
Cash at bank and in hand		67,531	22,663
		76,535	30,203
Creditors - amounts falling due within one year	11	(65,080)	(38,012)
Net current assets/(liabilities)		11,455	(7,809)
Total assets less current liabilities		20,098	(2,289)
Net assets/(liabilities)		20,098	(2,289)
Representing:-			
Accumulated surplus	14	(24,869)	(12,240)
Restricted funds		44,967	9,951
		20,098	(2,289)

The financial statements on pages 10 to 16 were approved by the board of directors on 2 November 2000 and were signed on its behalf by:

George C. B. B. B. 2. 11. 00
 Director

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Notes to the financial statements for the year ended 31 May 2000

1 Format of financial statements

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 10 an Income and Expenditure Account 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 No. 2 ("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.

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.

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 requirements to publish a cash flow statement.

Stock

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

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3 Direct charitable expenditure

	Restricted Funds	Unrestricted Funds	2000	1999
	£	£	£	£
Business Support Groups	23,674	-	23,674	5,227
Senior Executive Programme	-	14,804	14,804	21,244
Events	3,886	10,868	14,754	7,014
Development Assignment Programme	5,640	-	5,640	18,137
Partners in Leadership	2,105	-	2,105	3,457
Windsor meeting costs	-	-	-	6,959
	35,305	25,672	60,977	62,038

4 Management and administration of the charity

	Restricted Funds	Unrestricted Funds	Total 2000	Total 1999
	£	£	£	£
Bank charges	-	-	-	429
Consultancy	-	15,416	15,416	8,338
Depreciation	-	3,041	3,041	6,421
Loan interest	-	-	-	83
Office service costs	-	17,761	17,761	18,975
Pension contributions	-	9,885	9,885	11,284
Postage & stationery	-	3,187	3,187	4,092
Printing and publicity	-	7,341	7,341	17,666
Publications & newspapers	-	290	290	538
Salaries	2,200	58,434	60,634	161,661
Sundry office & administration expenses	-	272	272	611
Telephone	-	6,890	6,890	4,055
Training	-	1,577	1,577	-
Travel & subsistence	-	12,340	12,340	14,150
	2,200	136,434	138,634	248,303

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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

	2000	1999
	£	£
Hire of office equipment - operating leases	3,134	4,014

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

7 Employee information

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

	2000	1999
Administration	3	4

- (b) Company employment costs:

	2000	1999
	£	£
Gross Wages	60,880	56,476
Employer's national insurance contributions	4,523	6,387
Pension contributions (d)	9,885	11,284
	75,288	74,147

- (c) The Chief Executive's salary is met by a third party and is not reimbursed by the company.
- (d) 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 £9,885 (1999: £11,284).
- (e) No remuneration or expenses are paid to directors.

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8 Fixed assets

	Office equipment £	Office fittings £	Motor vehicles £	Total £
Cost				
At 31 May 1999	32,324	29,551	13,872	75,747
Additions	280	5,884	-	6,164
At 11 May 2000	32,604	35,435	13,872	81,911
Depreciation				
At 31 May 1999	28,744	27,611	13,872	70,227
Charge for year	1,807	1,234	-	3,041
	30,551	28,845	13,872	73,268
Net book value				
At 31 May 2000	2,053	6,590	-	8,643
Net book value				
At 31 May 1999	3,580	1,940	-	5,520

9 Debtors

Amounts falling due within one year:-

	2000 £	1999 £
Sundry debtors	570	4,500
Prepayments and accrued income	8,234	2,613
	8,804	7,113

10 Stock

	2000 £	1999 £
Consumables	200	427

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

11 Creditors

Amounts falling due within one year:-

	2000	1999
	£	£
Other taxation and social security	2,627	1,759
Sundry creditors	10,961	2,751
Accruals and deferred income	51,492	33,502
	65,080	38,012

12 Financial commitments

As at 31 May 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000	1999
	£	£
Other assets		
Due within 1 year	4,093	4,014
Due within 1 to 2 years	3,640	4,014
Expiring between 2 and 5 years	797	4,396
	8,530	12,424

13 Related Party Disclosure

FRS 8 Related Party Disclosures' requires the disclosure of the details of material transactions between the reporting entity and any related parties. Under the terms of the Standard, each of the companies who subscribe to membership of the company and are represented on the Board of Directors are deemed to be related parties. The total income from those members totalled £28,906 (1999: £25,577). There are no costs incurred with related parties (1999: £Nil)

14 Movement of accumulated surplus

	Unrestricted Funds	Restricted Funds	Total 2000	Total 1999
	£	£	£	£
Opening balance	(12,240)	9,951	(2,289)	26,811
Movement during year	(12,629)	35,016	22,387	(29,100)
Balance at 31 May 2000	(24,869)	44,967	20,098	(2,289)

Restricted funds represent funds held for Business Support Groups, the Development Assignment Programme and the Partners in Leadership Programme.