

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

**Annual Report**

**For the year ended 31 May 2005**

**Registered Number SC80355**

**Charity Number CR43853**



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

## **Directors and advisors for the year ended 31 May 2005**

### **Directors**

George C Borthwick CBE (Chairman)  
The Hon Mark H Laing (Vice-Chairman)  
JP Dugdale Bradley  
Terence Currie (appointed as director 18 November 2004)  
John W Elvidge  
Dominic LC Fry  
James Gaffney (appointed as director 8 March 2005)  
Stephen Gold (appointed as director 18 November 2004)  
Janet M Hamblin  
Michael P Marron (resigned as director 30 June 2005)  
Peter D Nicholson  
Maureen P O'Neill  
Susan Rice CBE  
Jane Scott

### **President**

HRH The Prince Charles, Duke of Rothesay

### **Chief Executive**

Samantha Barber

### **Secretary and registered office**

James A Graham  
PO Box 408  
Bankhead Avenue  
Edinburgh  
EH11 4HE

### **Auditors**

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

### **Solicitors**

Brodies Solicitors  
15 Atholl Crescent  
Edinburgh  
EH3 8AH

### **Bankers**

Lloyds TSB Bank plc  
28 Hanover Street  
Edinburgh  
EH2 2DS

# **Scottish Business in the Community**

## **(A company limited by guarantee)**

### **Directors' report for the year ended 31 May 2005**

#### **Statutory Requirements**

The Directors confirm that the report and accounts comply with current statutory requirements, with the Company's Memorandum and Articles of Association and with the principles set out in the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in October 2000 as updated.

#### **Mission Statement**

"To raise the quality and increase the level of involvement of business people and their companies in the economic, social and cultural development of the Scottish community, striving to make that involvement a natural part of successful business practice."

#### **Principal Activities**

The principal activity of Scottish Business in the Community (SBC) is to support, broker and challenge organisations to have a positive impact on society. The Company maintains its position as the leading organisation in the expanding field of Corporate Social Responsibility (CSR) in Scotland. SBC conducts its activities as follows:

Supporting – through its account management system, SBC offers all member companies a structured method of engagement and support.

Brokering – SBC makes key connections between private, public and not-for-profit sectors, to channel business resources into communities. SBC's practical frameworks and wide geographical network provide a simplified means for companies to get staff involved in local community projects.

Challenging – SBC's calendar of events provides opportunities for learning, sharing, networking and developing.

The Company is recognised as a charity for tax purposes by the Inland Revenue (CR43853).

#### **Appointment of Directors**

New directors are proposed, seconded and agreed at regular quarterly board meetings. They serve as board members until the next Annual General Meeting of the Company at which time their appointment is ratified or otherwise by all the members voting in person or by proxy. In accordance with the Company's Articles of Association, one third of the directors retire and may seek re-election each year. The directors of the charitable company are its trustees for the purpose of charity law. The directors serving during the year and since the year end are set out on page 2.

The induction and training of directors includes the provision to them of copies of the SBC annual report and accounts, annual review, three year business plan, budget and risk assessment schedules. In addition, an understanding of SBC's operation is provided through a visit to SBC's office, presentations by SBC team members at board meetings and 'away days' as well as by director involvement in leadership groups and board sub committees. Formalisation of the induction and training process is currently being undertaken.

# **Scottish Business in the Community**

## **(A company limited by guarantee)**

### **Directors' report for the year ended 31 May 2005 (continued)**

#### **Organisational Structure**

SBC comprises a head office team of fifteen people with a further twenty-six programme managers and co-ordinators, located across Scotland, reporting to the appropriate head office team members. The Chief Executive is responsible to the board of directors for the implementation of SBC strategy and policies as well as general operational matters over which she has decision making control. Major strategic and operational issues are agreed formally by the board at their quarterly meetings but close contact is maintained on a permanent basis between SBC management and the Chairman, Vice Chairman and board sub committee members.

#### **Related Party Transactions**

SBC has no relationship with any other party or parties who might inhibit the Company from pursuing its own separate interests.

#### **Review of the Business**

The year under review was one of further significant development for SBC with an increase in team members to cope with the greater level of activity:

#### Membership

The Directors of SBC believe that membership of Scottish Business in the Community demonstrates a company's commitment and belief that Corporate Social Responsibility (CSR) is a commercial imperative that builds stronger relationships with customers, employees and wider stakeholders. Membership is also a statement of support to the wider movement of CSR in Scotland.

This year, following a review of SBC's account management system, a new approach to member acquisition was launched. The Account Relationship Manager, appointed in September 2004 has introduced a structure and framework of support to the wider team with a responsibility for account management. A more proactive relationship with member companies has led to an increased understanding of their focus and activity in this area and resulted in a more tailored approach. The increasing strength of relationship with members is key to the continuing success of SBC and our influence, credibility and relevance within Scottish business and the wider community. This year's success of the SBC programmes, calendar of events, Awards for Excellence and Annual Dinner is due to the focus on delivering 'value' to our member organisations through the new account management approach.

The SBC Team use both the large and small business CSR Healthchecks for all accounts, large for corporate members and small for associates. On completion of the Healthcheck an action plan is drawn up to support this process. Account Managers use a Healthcheck matrix which will provide the information and signposting needed to fulfil the plan. The matrix will be continuously updated.

The 19 new members recruited during the year were Amey, Aberdeen Business School, Cable & Wireless, Cala Homes (East), Caledonian Business School, Connect Communications, Cunningham Housing Association, DLA, Enterprise-Rent-A-Car, First Group, Glasgow Housing Association, Laing O'Rourke, McDonalds, Merchants Limited, Napier University Business School, Redeem, Thus, United Utilities and Weber Shandwick.

# **Scottish Business in the Community**

## **(A company limited by guarantee)**

### **Directors' report for the year ended 31 May 2005 (continued)**

#### General situation

SBC's position as a leading authority on Corporate Social Responsibility and the lead business organisation promoting CSR as a natural part of successful business practice continues to strengthen. This was clearly demonstrated in May 2005 when four hundred representatives of member companies, support organisations and local and national policy makers attended SBC's Celebration Dinner. Presentations were made to companies who had demonstrated high levels of excellence in the area of corporate social responsibility under the increasingly recognised Awards for Excellence programme. Guests were shown a video of examples of the activities that gained the awards for the winning companies. Following on from this, SBC has produced a video of the best case studies of the year which will be used as a marketing tool for SBC.

SBC's profile was further enhanced by a number of "Seeing is Believing" visits where senior private sector business leaders were given the opportunity to see organisations involved in, and initiatives aimed at addressing problems identified in communities.

A bi-annual SBC newsletter provides an update of all the events and issues relating to SBC's operation and complements the SBC website, the status of which is currently under review.

#### **Operational Highlights**

The considerable development of SBC in the year under review was reflected in the significant increase in activity in its programmes and initiatives driven by funding from a variety of sources:

#### SBC Glasgow

Significant progress was made by SBC Glasgow whose lead project, Closing The Gap involves Glasgow secondary schools linking with private sector companies to work together to reduce the number of young people leaving school with "no destination". The schools, which were selected by the Local Authority, are considered to be poor performers based on the single dimensional measurement of Standard Grade passes.

Glasgow City Council asked SBC Glasgow to take on an additional 4 schools giving a total of 9. Some 36 companies have now been recruited with the business advisory teams meeting once per month with the schools. The project has had a direct impact on some 1,230 children out of a target population of 3,000 and 16 teachers have taken the opportunity to work closer with companies, either on placements or on visits. 78 of a target of 100 children have taken part in the Healthy Eating Day, with children from the new schools scheduled to take part in 2005/6.

Speakers who visit the schools are asked to frame their talk round the Top Ten criteria that employers look for in school leavers seeking employment and to emphasise the importance of the basic skills. SBC Glasgow's main aim is to improve the employability skills of the young people of Glasgow.

North Glasgow International Festival – SBC Glasgow managed to obtain the help of 8 companies to help make the 5<sup>th</sup> festival a great success. The level of racist incidents since the festivals began is down some 345%. SBC Glasgow is contributing to the integration of asylum seekers and refugees in the North of Glasgow.

Sighthill Community One Stop Shop – SBC Glasgow is working with the community and with business to develop a One Stop Shop from an old supermarket in the shopping centre – helping to provide a facility where all the community can meet and play.

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

### Directors' report for the year ended 31 May 2005 (continued)

SBC Glasgow plays an important part in The Healthy Working Lives team for the City and together with its board membership of the Glasgow Alliance is contributing to the Social and Economic Welfare of the City and its people.

#### The GlaxoSmithKline Angus & Mearns Economic Development Fund

The GlaxoSmithKline Angus & Mearns Economic Development Fund of £750,000 was launched in the Autumn of 2003 to alleviate the effects of the closure of their Montrose factory. The two main strands totalling £650,000 comprise an Enterprise fund of Start-up Grants, Growth Grants and Skillsladder Grants to promote the start-up and development of small businesses and a Training and Development fund of an Individual Initiative Fund and In To Work Grant to assist individuals to access employment. See also Note 15 to the financial statements.

#### SBC Network

The Scottish Business in the Community (SBC) network of local groups (formerly called Business Support Groups) promote private sector engagement with Scotland's communities. The main aim of the SBC Network is to engage businesses with their local communities, brokering resources, materials, premises, skills and business know-how to positively impact on issues affecting these communities. A senior local business person chairs each group, with a committee/board from the private sector and public agencies.

Good progress has been made during the year. The following are the main highlights:

- ❖ The **Angus** group has brokered in excess of £100,000 of in-kind benefit for the community. Projects included Determined to Succeed (a Scotland-wide initiative aimed at creating a more enterprising culture in our schools), a Seeing is Believing event, ENABLE's Options Angus project, and the re-use of redundant porta-cabins.
- ❖ The **Business Community Connections** shop has been open at the Royal Infirmary Edinburgh for a year now and the lease has been renewed for a further 18 months. This is the hub for promotion of the Little France Traders network of local businesses and social enterprises to hospital staff, patients and visitors. Support of Castlebrae Community High School also continues. Fundraising has brought in money for the school education fund, and links with the private sector help with sponsorship, mentoring and work placement opportunities.
- ❖ The **Dundee** group celebrated its 5<sup>th</sup> anniversary this year by changing its name to Dundee Business and Community Link. Having secured a further three years funding from the Community Regeneration Fund, the group is expanding and developing into areas in Dundee which were previously unsupported. Staff from many local companies worked on over 25 projects in the course of the year. The year also saw the remainder of the distribution of the £250,000 community fund donated by Levi Strauss & Co. which helped a total of 85 groups.
- ❖ Delivery of HR management training was a major focus for the year for the **Fife, West Lothian and Mid Lothian** groups. The project, with funding assistance from Coalfields Regeneration Trust, provided workshops, materials and support to local community organisations. The success of the 'Ethos of Work' project continued in **Fife**, and was complemented by Get Ready for Work and Schools to Work programmes. Activity also grew strongly in **West Lothian**, which brokered over £100,000 of in-kind support. Support and engagement from local businesses and community organisations also increased in **Midlothian**, where education, employability and enterprise remained the key focus areas.

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

### Directors' report for the year ended 31 May 2005 (continued)

- ❖ **SBC North Edinburgh** brokered a number of employability initiatives, including development of an employability road map, programmes to support school-leavers with CV writing and interview skills, and a mock interview day for 4<sup>th</sup> year pupils with local businesses. Local companies also delivered business skills training at the recently launched North Edinburgh Business Incubator Unit, and assistance was provided with the development of the Waterfront Recruitment Centre. An audit of business services requirements with 17 local business members was also undertaken.
- ❖ Over £80,000 of added value was generated by the **Grampian** group to at least 50 local community projects, either through recycled office furniture, equipment and PCs, or from the provision of specialist skills and expertise, or with support through staff volunteering. As elsewhere, the group's experience demonstrates just how much benefit seemingly small contributions from businesses can bring to local community organisations.
- ❖ The first year of the School to Work programme of the **Perth & Kinross** Business Community Support Group has had a positive impact on pupils, teachers and businesses involved in the programme. Recognising its value in addressing the needs of disengaged pupils, schools have doubled their requests for places in 2005/06. The Community Employment Initiative has quickly established itself as a main player in assisting 16-25 year olds from the more deprived communities to secure employment, training or further education. The group also assisted with the organisation of 6 business breakfasts for the Determined to Succeed initiative and is currently engaged on the follow-up process with businesses throughout Perth & Kinross.
- ❖ The new mentoring programme in **West Dunbartonshire** has proved to be a valuable tool for tapping into and utilising the expertise and business experience of private sector companies and public service organisations. Active business support has been provided for local community projects, including the Knowetop Community Farm, the Cunard School, the Day Oot Theatre Company, and the Y Sort It youth project. The services of vehicles and personnel to uplift and deliver redundant furniture and office equipment have also been generously donated.

#### Senior Executive Programme

The Senior Executive Programme utilises the skills of volunteers with business management experience to provide advice and support to community organisations who need help with business-related issues. The programme capitalises on the business skills of managers and professionals who are retired, are working part-time, or are taking a career break.

The recruitment, placement and work of the volunteers is managed through a network of local volunteer co-ordinators. Their role is to act as 'broker', matching the needs of community organisations with the professional skills of the volunteers. The volunteers offer a broad range of skills, and the clients who benefit from these skills would often be unable to access them otherwise.

Highlights of the year to March 2005 include:

- Project activity (completed and ongoing) increased by 3.8% from 293 to 304 assignments
- Programme activity up by 3.6% from 20,908 hours to 21,668 hours
- Member numbers up by 10.5% from 200 to 221

As an indication of value-added, the programme contributed over £1million worth of benefit-in-kind to community and voluntary organisations last year. Over 150 organisations have been helped by the Senior Executive Programme throughout Scotland.

# **Scottish Business in the Community**

## **(A company limited by guarantee)**

### **Directors' report for the year ended 31 May 2005 (continued)**

#### Partners in Leadership

The Partners in Leadership programme brings together business leaders and teachers for a structured exchange of knowledge, experience and best practice. The aim of the programme is to improve the management and leadership skills of both partners and ultimately to contribute to raising standards in Scottish Schools.

Careers Scotland's Excellence in Education through Business Links project continued its support for the programme in 2004/05. This made it possible for SBC to develop the matching process to derive the greatest possible benefit for both the business partners and teachers.

Around half of the teachers on the programme were undertaking the Scottish Qualification for Headship. This requires participants to undertake a two-day placement in industry, commerce or public service in order to study an aspect of leadership or management as it operates in the context of the host organisation, compare and contrast it with the operation in their own school and consider the relevance of this comparison for the candidate's own practice and that of their school.

In all, around 35 partnerships were matched over the year including business partners from ScottishPower, HBOS, Oracle, DLA, The Boxshop Ltd, HSBC and John Lewis. These partnerships have delivered in the region of 600 hours of programme activity.

The main challenge for 2005/06, will be to secure financial support for the Partners in Leadership Programme. Careers Scotland has confirmed it can no longer fund the programme through its EEBL project, which will be focusing on renewed priorities as a result of a recent Scottish Executive Review.

#### Development Assignment Programme

The Development Assignment Programme uses the skills and experience of business participants to deliver a project of strategic importance to a host community organisation whilst contributing to the professional development of the secondee.

The programme is aimed at companies that wish to develop their staff through short, part-time secondments. It is an excellent opportunity for staff that are keen to develop behavioural skills such as interpersonal skills, time management and flexibility, or applying their existing management skills to different situations. Participants who have completed the assignment feel more resourceful and able to adapt to new challenges and environments.

This year has been a period of transition for the Development Assignment Programme. Marks & Spencer, who were the major participant in 2003/04, have this year focussed their involvement on Marks & Start, an established evidence based business model that creates training and recruitment opportunities to include people who are homeless and unemployed. This has resulted in little uptake of Development Assignments this year.

#### Team Challenge

Team Challenge is a fun and accessible approach to employee volunteering. The programme provides a simple framework to engage employees, build awareness, develop team work, and widen the involvement of companies in their local communities. The aim of the programme is to encourage and enable companies to share their greatest resource with their local community – the time, skills and energy of their employees.

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

### **Directors' report for the year ended 31 May 2005 (continued)**

The programme has introduced 467 employees to volunteering, and over 4,000 hours of programme activity during the year 2004/5. Much of the activity to date has focused on Edinburgh & Lothians, Fife and Greater Glasgow. HBOS Plc has been the major participant in 2005, as well as Oracle, John Lewis, First Group, BlackHorse, GVA Grimley and Royal & Sun Alliance.

Scottish Business in the Community continues to develop the service with members to offer a wider range of opportunities for employees to use their business skills and resource to work in partnership with their local community. This includes collaborative working with all its community partners and key national organisations such as GreenSpace Scotland and BTCV Scotland.

#### The Professional Firms Network

PFN provides free advice and services to community organisations through pro bono support. SBC continues its brokering role, responding to charity requests by introducing them to professionals who have the appropriate skills to help them with their needs. 20 plus projects have been completed this year, with several more still in progress. Several charities have gone on to develop long term pro bono relationships with the professionals.

SBC are also signposting and advising charities of the other UK on line pro bono schemes that have started, and have a role in helping shape the projects to get them ready for a pro bono service. SBC will be rebranding PFN to Prohelp by the end of the next financial year.

#### UK Awards for Excellence and SBC Company of the Year Awards

Scotland had the most Big Tick Winners in the UK in the third year of SBC running the Awards for Excellence in Scotland. The Awards were once again sponsored by Communities Scotland and Scottish Enterprise. Entries almost doubled and Big Tick Winners trebled from the previous year. One-on-one Awards Surgeries and a Workshop were held to prepare entrants, and feedback is given to unsuccessful candidates. SBC's Company of the Year Awards were won by Laing O' Rourke Scotland, large company, and Redeem, small company. All the winners are featured in the *Scottish Business Counts* case study booklet produced by SBC.

#### Healthy Working Lives Partnership

The successful initiatives of the Scotland's Health at Work (SHAW) and Safe and Healthy Working (SaHW) organisations have been brought together to form a single new integrated organisation, the Scottish Centre for Healthy Working Lives, providing a national focus. Scotland Against Drugs will integrate in April 2006.

The overarching driver in relation to the employability element of the SCHWL's *Healthy Working Lives* strategy will be the Scottish Executive's Employability Framework, and the Centre will work closely with Department of Work and Pensions, the Department of Enterprise and Lifelong Learning and SBC's Ready for Work and Healthy Working Lives Employability Managers in pursuit of this.

SBC will partner with SCHWL to add value to the *Healthy Working Lives* strategy. SBC will provide an effective link between Scottish employers and the range of voluntary and statutory groups working to promote employment and self-employment of those with health-related problems, primarily by continuing to deploy the successfully piloted "Ready For Work" and "Job Coaching" programmes. *Healthy Working Lives* requires the commitment of Scottish employers across the private, public, voluntary and social enterprise sectors. SBC promotes the real benefits for businesses gained by employing people from disadvantaged groups and also aims to build a greater understanding of, and engagement with, disadvantaged groups within business in Scotland.

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

### **Directors' report for the year ended 31 May 2005 (continued)**

#### Small Business Consortium

The Small Business Consortium was established in March 2002 in response to feedback from SME owner-managers who asked for a collaborative approach to corporate social responsibility by the main SME stakeholder organisations. The Consortium members are AccountAbility, Arts & Business, British Chambers of Commerce, Business in the Community, CSR Europe, Federation of Small Businesses, The Forum of Private Business, Institute of Directors, Lloyds TSB and Scottish Business in the Community. SBC continues to attend meetings of the Consortium on a quarterly basis.

The Small Business Journey ([www.smallbusinessjourney.com](http://www.smallbusinessjourney.com)) was created by the Consortium, and holds 20 briefings to assist SMEs with development of responsible business practice. SBC continues to develop case studies and promotes the Journey at relevant events.

#### Payroll Giving Grants

SBC has contracted to promote the Home Office's Payroll Giving Grants scheme in Scotland. The objective is to incentivise SMEs to introduce, promote and set up payroll giving schemes. A cash grant, tiered according to the size of the organisation, is payable and employees' donations to the charity of their choice will be matched pound for pound up to a maximum of £10 per month per employee for the first six months. The employers' incentive will be paid to all employers setting up schemes between 1<sup>st</sup> April 2004 and 31<sup>st</sup> December 2006.

SBC has partnered with SCVO, the only authorised Payroll Giving Agency in Scotland, to make it easy for SMEs and thereby increase the take-up of the grants.

#### CommunityMark

CommunityMark is a national standard and a model to recognise and develop SME involvement in the local community. There are 7 organisations working on their submissions and the target for next year is to sign up a further 28.

#### Members' Forum

The Members' Forum, a business-led forum, is a service provided by SBC exclusively to its members. The aim of the Forum is to provide networking opportunities, share best practice and exchange ideas with other practitioners in Corporate Social Responsibility. The Forum provides a valuable platform for members to explore aspects of CSR in greater depth, and to share ideas and experience with others.

A different SBC member company hosts each meeting, and decides on the topic and speaker with administrative support provided by SBC. Topics explored in 2004/2005 have included:

- ❖ Communicating CSR
- ❖ Disability and Discrimination Act
- ❖ Measurement and Reporting CSR

# Scottish Business in the Community

## (A company limited by guarantee)

### Directors' report for the year ended 31 May 2005 (continued)

#### Business Breakfast Series 2004/2005

In June 2004, Graeme Dalziel, Chief Executive, Dunfermline Building Society was appointed as Scotland's second HRH Ambassador for CSR in Scotland. Over the course of three Breakfast Forums in Dunfermline, Glasgow and Edinburgh, 43 business leaders participated in discussions about "Grasping the Opportunity" that CSR presents.

As part of his role, Graeme also led a Seeing is Believing visit to Glasgow (see below for further details). The themes of the 3 breakfasts were:

- Engagement of small to medium enterprises in CSR;
- Corporate Social Responsibility in action; and
- Opportunities for businesses to deliver CSR in Scotland.

In summary it was considered that: Scotland should *grasp the opportunity* that responsible business practice represents. The key issues for Scotland of enterprise, employability, education, health, and sustainability are best addressed by government working with business through the Corporate Responsibility agenda. This requires the private sector to develop stronger relationships with stakeholders, and the Government to develop a policy that gives compelling reasons for business to get involved, leveraging business resource to best effect. Such an inclusive approach will provide benefits to society and the economy.

#### Rural Programme

SBC's Rural Programme is led by a steering group of 13 organisations, chaired by the Managing Director of Simmer's of Edinburgh. In 2004 the programme focused on Seeing is Believing visits in rural locations, issues surrounding affordable housing and local sourcing and procurement. In November SBC supported Holyrood Conferences and Events in producing a conference on 'Sustainable Communities'.

In a positive move in May 2005, SBC appointed its first full time Rural Programme Manager. Over the coming year the programme will focus on two key issues: promoting rural enterprise as a way to support rural communities; and how business can help to tackle rural financial exclusion. Seeing is Believing visits will continue to be an integral part of the programme and affordable rural housing and local sourcing will remain high on the agenda. The rural programme will also widen the impact of current SBC work into rural Scotland.

#### Seeing is Believing

The Seeing is Believing programme takes groups of senior business leaders into the community to see at first hand the challenges these communities face. It is a highly successful programme in connecting businesses with their communities and brings significant benefits to both parties.

**Glasgow:** The Chief Executive of Dunfermline Building Society led a group to Glasgow on the 6<sup>th</sup> October 2004. The day looked at issues surrounding Employment and visited Barlinnie Prison, The Lodging House Mission, and Marks & Spencer for a discussion on the Ready for Work Programme. This was a highly successful visit with many tangible outcomes and sustainable relationships as a result.

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

### Directors' report for the year ended 31 May 2005 (continued)

The commitments which the projects received on the day were exceptionally generous. As a result of the involvement of Morris and Spottiswood, HRH Princess Anne visited the Mission in April 2005 to officially open the newly renovated kitchens.

Dunfermline Building Society were so inspired by the work of the General Manager of the Mission that they nominated him for the Seiff Award (for individuals based in the community, who have best collaborated with business to benefit society), which he was presented on the 26<sup>th</sup> of May 2005 at the SBC Celebration Dinner.

**Angus:** the Managing Director of Mackays Ltd led a group around the Angus area focusing on issues affecting the "Youth" in the area. The visit took in: Pit Stop, Options Angus and YM Montrose. The group greatly enjoyed the visit and there were many generous commitments as a result. 5 months on all the commitments have been completed.

HBOS were so inspired by the visit that SBC is now running a pilot "Executive Day" for them, which will follow the SiB format but will be for their executive team only. This is due to take place on the 5<sup>th</sup> of October 2005.

**Planned visits:** There are plans to carry out the following visits in 2005/2006:

- Dumfries and Galloway – Regenerating Communities
- Poundbury (two visits)
- Aberdeen – Healthy Working Lives
- Edinburgh – Digital Exclusion (with BT)

#### Ready for Work

The year August 2004 to August 2005 has been an extremely successful for Ready for Work. The Programme is an established evidence based business model that creates training and recruitment opportunities for businesses in Scotland to include people who are currently homeless and unemployed. It aims to equip excluded groups, through business support, to gain the necessary skills to gain employment and independent living. The numbers involved in this programme, and the success rate proves that this model of opportunity works for all of the partners involved.

82 participants have attended the Ready to Go training, which is the 2 day pre-employment training that prepares candidates for both a work placement and for re-entering the workplace. The focus of this training is confidence building and dealing with a work environment. Of these participants, 95% commenced their work placements, between 2 to 4 weeks in duration. 90% of those successfully completed the placement and 72% of those who completed placement have entered full time employment.

|                                           |    |
|-------------------------------------------|----|
| • Attending Ready to Go                   | 82 |
| • Began work placement                    | 78 |
| • Completed work placement                | 71 |
| • Started employment via placement        | 20 |
| • Started employment with other companies | 31 |
| • Started training or further education   | 15 |
| • Lost contact                            | 5  |
| • Still employed at 3 months              | 42 |
| • Still employed at 6 months              | 33 |

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

### **Directors' report for the year ended 31 May 2005 (continued)**

Company engagement – we have engaged with 21 businesses in Edinburgh, Glasgow, Aberdeen, Inverness and Ayr.

Public Sector Engagement – as yet we haven't had any take up from public sector agencies. Aberdeen Council have bought into the programme and will be taking placements later this year. We hope to engage with councils and public sector agencies in each of the above cities.

For more information on this programme please contact Emily Squire on [EmilySquire@sbcscot.com](mailto:EmilySquire@sbcscot.com).

#### Sustainable Development

In March 2005 the new UK framework for sustainable development was launched. The Scottish Executive are developing a new strategy for Scotland through a process of public engagement and close working with key stakeholders. As a result SBC hosted an interactive consultation in June 2005 in partnership with the Executive.

The event aimed to find the shared agenda between CSR and sustainable development and looked at the private sector's role in making a positive impact. Representatives from SBC member companies heard presentations from senior managers from ScottishPower and The Scottish Executive. The 40 delegates later discussed some of the key indicators for sustainability under the broader headings of Economy, Education, Employability, Environment and Health. The results of these discussions will help shape part of the Scottish Executive's official consultation process.

#### CSR Bites Working Lunch series

Standard Life hosted a CSR Bites Working Lunch series in April 2005. The objective of these lunches was to 'engage, integrate and deliver' the different aspects of Corporate Social Responsibility. Standard Life and SBC are already looking at the governance of CSR through benchmarking research.

*The lunches provided a platform to share ideas and best practice amongst managers. At the first lunch, attendees discussed CSR strategy, how to integrate it into your business, how to obtain top-level buy in and how to deliver. 18 delegates discussed their successes and key obstacles. A senior manager of Standard Life explained the process of defining what CSR meant to them and mapping this out against their brand, values and business plans.*

*The second lunch looked at Key Performance Indicators, focusing on performance management, pay rewards and evaluation and measurement. Delegates discussed how goals, once agreed, can be integrated into these schemes, how this information can be gathered and communicated and what form of measurement will tell us that the company is hitting these goals.*

# **Scottish Business in the Community**

## **(A company limited by guarantee)**

### **Directors' report for the year ended 31 May 2005 (continued)**

#### **Risk Management and Reserves Policy**

Procedures for reporting financial results to management and board members have been maintained at the standards agreed with the Board finance committee. This is particularly important since a significant proportion of the funds held are restricted or designated. In addition, regarding general reserves, we are committed to retain sufficient reserves for a minimum of six months working capital (£250,000). The Board is also committed to ensuring that effective control and monitoring procedures are in place for the future.

The major risks to which the charity is exposed, as identified by the Board members, have been reviewed and systems established to mitigate those risks.

#### **Benefits in Kind and Special Support**

The Directors wish to record their sincere thanks to Ethicon Limited for the provision of accommodation for SBC at their Bankhead Crossway premises in Edinburgh. In addition, SBC would wish to thank Ethicon's parent company Johnson & Johnson for their continued support.

The company is also very grateful for the significant financial support received from The Scottish Executive, Scottish Enterprise, Communities Scotland, Equal Partnership, Careers Scotland, West Lothian Council, West Lothian Social Inclusion Partnership, GlaxoSmithKline, Glasgow City Council, Oracle, Marks & Spencer, BT Scotland, Lochaber Enterprise, Aberdeen City Council, Coalfields Regeneration Trust, ScottishPower, The Boots Company, Richmond Homes, Scotmid, Tesco and Lloyds TSB Scotland. This funding has been vital in the development of SBC's programmes and special projects.

Benefit In kind support for the Company's administration and operating costs, valued at a conservative £230,000 was also received during the year and included major contributions of:

- ❖ Seconded personnel from The Scottish Executive and Job Centre Plus.
- ❖ Accommodation from Ethicon Ltd, Voluntary Organisations North East Fife, Stirling Enterprise and Hansel Village;
- ❖ Legal, audit and accountancy services from Brodies Solicitors, PricewaterhouseCoopers LLP and Baker Tilly.

Benefit-in-kind support has not been included in the Company's results for the year.

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

## **Directors' report for the year ended 31 May 2005 (continued)**

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

|                               |                             |                               |
|-------------------------------|-----------------------------|-------------------------------|
| Abbot Group                   | Glasgow Caledonian Business | Same Deutz-Fahr               |
| Aberdeen Business School      | School                      | Scotmid                       |
| (RGU)                         | Glasgow Housing Association | Scottish & Southern Energy    |
| Aberdeen City Council         | GlaxoSmithKline             | Scottish Borders Council      |
| Alcan Primary Metal Europe    | Great Northern Partnership  | Scottish Enterprise Ayrshire  |
| Amey                          | Greggs                      | Scottish Enterprise           |
| Angus Council                 | HBOS plc                    | Dunbartonshire                |
| Aramark                       | HSBC plc                    | Scottish Enterprise Edinburgh |
| Ayrshire Chamber of           | Hansel Foundation           | and Lothians                  |
| Commerce & Industry           | Haven                       | Scottish Enterprise Fife      |
| BAA Scotland                  | Hilton Hotel Glasgow        | Scottish Enterprise Glasgow   |
| BAE Systems                   | Holyrood                    | Scottish Enterprise Grampian  |
| bbmc Goodward                 | Job Centre Plus             | Scottish Enterprise           |
| BP                            | Johnson & Johnson           | Lanarkshire                   |
| Brighthouse                   | Johnston Press plc          | Scottish Enterprise Network   |
| B Sky B                       | KPMG LLP                    | Scottish Enterprise           |
| BT Scotland plc               | Kwik-Fit Holdings Ltd       | Renfrewshire                  |
| Baker Tilly                   | Laing O'Rourke Scotland     | Scottish Enterprise Tayside   |
| The Boots Company             | Lanarkshire Enterprise      | Scottish Executive            |
| British Energy                | Services Ltd                | Scottish Gas                  |
| Brodies WS                    | The Lennox Partnership      | ScottishPower                 |
| Buccleuch Group               | Levi Strauss                | Scottish Water                |
| Cable & Wireless              | John Lewis                  | Scottish Widows               |
| Cala Homes East               | Lloyds TSB Scotland plc     | Shell UK Ltd                  |
| Calor Gas                     | Lochaber Enterprise         | Simmers of Edinburgh          |
| Careers Scotland              | McGrigors                   | WH Smith                      |
| Camelot                       | McDonalds                   | Sodexo                        |
| Cisco Systems                 | Macdonald Hotel Group       | Spectraglass                  |
| Clydesdale Bank plc           | Mackays Ltd                 | Standard Life Assurance       |
| Coalfields Regeneration Trust | McSence Ltd                 | Company                       |
| Communities Scotland          | Marks & Spencer plc         | Student Loan Company          |
| The Community Fund            | Marsh UK Ltd                | Tesco plc                     |
| Connect Communications        | Merchants Ltd               | DC Thomson & Co Ltd           |
| Cunninghame Housing           | Midlothian Council          | The Townhouse Company         |
| Association                   | Morgan Stanley              | Thus                          |
| Diageo Scotland Ltd           | Napier Business School      | Transco                       |
| DLA                           | North Edinburgh Area        | United Utilities              |
| Dundee City Council           | Renewal                     | Visit Scotland                |
| Dundee & Tayside Chamber      | Norwich Union               | Voluntary Organisations of    |
| of Commerce & Industry        | Oracle                      | North East Fife               |
| Dunfermline Building Society  | Perth & Kinross Council     | Volunteer Development         |
| Enterprise Rent a Car         | Pillans & Waddies           | Scotland                      |
| Equal Partnership             | PricewaterhouseCoopers LLP  | Weber Shandwick               |
| Ethicon Ltd                   | Prudential Corporation plc  | Weir Group                    |
| European Regional             | Redeem plc                  | West Dunbartonshire           |
| Development Fund              | Richmond Homes              | Partnership                   |
| Fife Council                  | Royal Bank of Scotland plc  | West Lothian Council          |
| Fifth Ring                    | Royal Mail                  | Whitbread plc                 |
| First Group                   | SCVO                        | Wood Group Management         |
|                               | Sainsburys plc              | Services Ltd                  |

# **Scottish Business in the Community**

## **(A company limited by guarantee)**

### **Directors' report for the year ended 31 May 2005 (continued)**

#### **Guarantors**

The liability of each of the guarantors in the event of a winding up is limited to £5. At 31 May 2005 there were 63 guarantors in the register of members.

#### **Changes in Fixed Assets**

The movements in fixed assets during the year are set out in note 7 to the financial statements.

#### **Director's 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 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 2005. 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.

The directors also act as trustees for the charitable activities of Scottish Business in the Community.

#### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have advised their resignation as auditors effective from the date of the Annual General Meeting 16 November 2005. It is their intention to become more involved with SBC as part of their own Corporate Social Responsibility initiatives which would compromise their independence in future as auditors to the company. The directors would like to extend their sincere thanks for the excellent pro bono support given to SBC by PricewaterhouseCoopers LLP over a period of many years as auditors.

#### **By order of the Board**



**James A Graham**  
Secretary

**25 October 2005**

# **Scottish Business in the Community**

## **(A company limited by guarantee)**

### **Independent auditors' report to the members of Scottish Business in the Community**

We have audited the financial statements that comprise the statement of financial activities, the balance sheet and the related notes.

#### **Respective responsibilities of the directors and auditors.**

The directors also act as trustees for the charitable activities of Scottish Business in the Community. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the charitable 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. The other information comprises only of the directors' report.

#### **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 preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

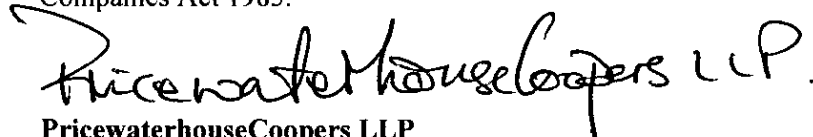
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or by other irregularity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

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

**Independent auditors' report to the members of Scottish  
Business in the Community (continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs at 31 May 2005 and of its net outgoing resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**Edinburgh**

**25 October 2005**

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

**Statement of Financial Activities (incorporating the Income and Expenditure Account) for the year ended 31 May 2005**

|                                                                         | Notes | Restricted<br>Funds<br>£ | Unrestricted<br>Funds<br>General<br>£ | Unrestricted<br>Funds<br>Designated<br>£ | Total<br>2005<br>£ | Total<br>2004<br>£ |
|-------------------------------------------------------------------------|-------|--------------------------|---------------------------------------|------------------------------------------|--------------------|--------------------|
| <b>Incoming Resources</b>                                               |       |                          |                                       |                                          |                    |                    |
| <b>Activities in furtherance of the charity's objects:</b>              |       |                          |                                       |                                          |                    |                    |
| Subscriptions – Full                                                    |       | -                        | 252,762                               | -                                        | 252,762            | 207,117            |
| Subscription – Associate                                                |       | -                        | 5,000                                 | -                                        | 5,000              | 3,000              |
| Subscriptions – Business Schools                                        |       | -                        | 8,000                                 | -                                        | 8,000              | -                  |
| Grants Received                                                         |       | 521,890                  | -                                     | -                                        | 521,890            | 1,246,604          |
| Programme Income                                                        |       | 20,690                   | -                                     | -                                        | 20,690             | 15,050             |
| Other Income                                                            |       | -                        | -                                     | -                                        | -                  | 6,363              |
| Cares                                                                   |       | 19,285                   | -                                     | -                                        | 19,285             | 2,015              |
| <b>Activities for generating funds:</b>                                 |       | -                        | -                                     | -                                        | -                  | -                  |
| Sponsorship                                                             |       | 71,925                   | 6,517                                 | -                                        | 78,442             | 76,124             |
| Bank interest                                                           |       | 23,932                   | 23,207                                | -                                        | 47,139             | 29,838             |
| <b>Total incoming resources</b>                                         | 1     | <b>657,722</b>           | <b>295,486</b>                        |                                          | <b>953,208</b>     | <b>1,586,111</b>   |
| <b>Resources Expended</b>                                               |       |                          |                                       |                                          |                    |                    |
| Cost of generating funds                                                | 2(a)  | 17,793                   | 72,434                                | 15,310                                   | 105,537            | 75,900             |
| Cost of activities in furtherance of the charity's objects:             |       |                          |                                       |                                          |                    |                    |
| Grants Payable                                                          | 2(b)  | 171,355                  | -                                     | -                                        | 171,355            | 54,421             |
| Support Costs                                                           | 2(b)  | 612,936                  | 48,718                                | -                                        | 661,654            | 537,124            |
| Management and administration                                           | 3     | -                        | 160,635                               | -                                        | 160,635            | 111,375            |
| <b>Total resources expended</b>                                         |       | <b>802,084</b>           | <b>281,787</b>                        | <b>15,310</b>                            | <b>1,099,181</b>   | <b>778,820</b>     |
| <b>Net (expenditure)/income before transfers –net movement in funds</b> | 5     | <b>(144,362)</b>         | <b>13,699</b>                         | <b>(15,310)</b>                          | <b>(145,973)</b>   | <b>807,291</b>     |
| Transfers                                                               | 15    | (2,349)                  | 2,349                                 | -                                        | -                  | -                  |
| Funds brought forward at 1 June                                         |       | 876,690                  | 237,306                               | 128,219                                  | 1,242,215          | 434,924            |
| <b>Funds balance carried forward at 31 May</b>                          | 13    | <b>729,979</b>           | <b>253,354</b>                        | <b>112,909</b>                           | <b>1,096,242</b>   | <b>1,242,215</b>   |

The Charitable Company has no recognised gains or 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.

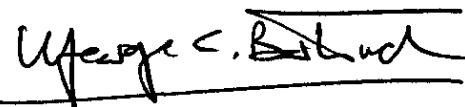
All of the above relate to continuing activities.

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

**Balance sheet as at 31 May 2005**

|                                                        | Notes | 2005<br>£ | 2004<br>£ |
|--------------------------------------------------------|-------|-----------|-----------|
| <b>Fixed Assets</b>                                    |       |           |           |
| Tangible assets                                        | 7     | 40,471    | 29,949    |
| <b>Current Assets</b>                                  |       |           |           |
| Debtors                                                | 8     | 75,023    | 50,272    |
| Stock                                                  | 9     | 200       | 200       |
| Cash at bank and in hand                               |       | 1,108,542 | 1,238,940 |
|                                                        |       | 1,183,765 | 1,289,412 |
| <b>Creditors – amounts falling due within one year</b> | 10    | 127,994   | 77,146    |
| <b>Net current assets</b>                              |       | 1,055,771 | 1,212,266 |
| <b>Total assets less current liabilities</b>           |       | 1,096,242 | 1,242,215 |
| <b>Net assets</b>                                      |       | 1,096,242 | 1,242,215 |
| <b>Representing:</b>                                   |       |           |           |
| Unrestricted funds                                     | 13    | 253,354   | 237,306   |
| Designated funds                                       | 13    | 112,909   | 128,219   |
| Restricted funds                                       | 13    | 729,979   | 876,690   |
|                                                        | 13    | 1,096,242 | 1,242,215 |

The financial statements on pages 19 to 33 were approved and signed on behalf of the Board of Directors on 25 October 2005 by:



**George Borthwick CBE**  
**Chairman**

# **Scottish Business in the Community**

## **(A company limited by guarantee)**

### **Notes to the financial statements for the year ended 31 May 2005**

#### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and Statement of Recommended Practice 'SORP', "Accounting and Reporting by Charities" published in October 2000. As in previous years, the financial statements are prepared in accordance with the historical cost convention. A summary of the accounting policies of the company, which have been applied consistently, is set out below.

#### **Membership 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.

#### **Grants and sponsorship**

All grants and sponsorship are treated as income on receipt. Where appropriate, management and administration expenditure is allocated to grant and sponsorship projects, and SBC programmes on the basis of an estimate of the level of activity required to support them.

#### **Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

#### **Tangible fixed assets**

Tangible fixed assets costing more than £50 are capitalised and included at cost, including any incidental expenses of acquisition.

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 (including computers) | 20% - 33 1/3% |
| Motor vehicles                         | 20% - 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 term of section 247 of the Companies Act 1985. As a consequence it is exempt from the requirements to publish a cash flow statement.

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

## **Notes to the financial statements for the year ended 31 May 2005**

### **Stock**

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

### **Irrecoverable VAT**

Any irrecoverable VAT is charged to the statement of financial activities or capitalised as part of the costs of the related asset, where appropriate.

### **Recognition of Liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

## **2(a) Cost of Generating Funds**

|                                                                | <b>Restricted<br/>Funds<br/>£</b> | <b>Unrestricted<br/>Funds<br/>General<br/>£</b> | <b>Unrestricted<br/>Funds<br/>Designated<br/>£</b> | <b>2005<br/>Total<br/>£</b> | <b>2004<br/>Total<br/>£</b> |
|----------------------------------------------------------------|-----------------------------------|-------------------------------------------------|----------------------------------------------------|-----------------------------|-----------------------------|
| Member recruitment, CSR Events,<br>Publicity and Rural Affairs | <b>17,793</b>                     | <b>72,434</b>                                   | <b>15,310</b>                                      | <b>105,537</b>              | <b>75,900</b>               |
| Salaries                                                       | -                                 | <b>62,285</b>                                   | <b>12,310</b>                                      | <b>74,595</b>               | 59,195                      |
| Events                                                         | <b>17,793</b>                     | -                                               | -                                                  | <b>17,793</b>               | 10,509                      |
| Travel and Subsistence                                         | -                                 | <b>5,149</b>                                    | <b>3,000</b>                                       | <b>8,149</b>                | 4,630                       |
| Other                                                          | -                                 | <b>5,000</b>                                    | -                                                  | <b>5,000</b>                | 1,566                       |
|                                                                | <b>17,793</b>                     | <b>72,434</b>                                   | <b>15,310</b>                                      | <b>105,537</b>              | <b>75,900</b>               |

The cost of generating funds includes the salaries and expenses of the Business Development Manager and Account Relationship Manager, 50% of the salary and expenses of the Marketing Manager and the cost of "Seeing is Believing" visits in the year.

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

**Notes to the financial statements for the year ended 31 May 2005**

**2(b) Support costs and grants payable**

|                                                | <b>Restricted<br/>Funds<br/>£</b> | <b>Unrestricted<br/>Funds<br/>General<br/>£</b> | <b>Unrestricted<br/>Funds<br/>Designated<br/>£</b> | <b>2005<br/>Total<br/>£</b> | <b>2004<br/>Total<br/>£</b> |
|------------------------------------------------|-----------------------------------|-------------------------------------------------|----------------------------------------------------|-----------------------------|-----------------------------|
| SBC Network Groups                             | 182,939                           | 6,605                                           | -                                                  | 189,544                     | 200,329                     |
| Senior Executive Programme                     | 92,498                            | -                                               | -                                                  | 92,498                      | 93,441                      |
| Development Assignment Programme               | -                                 | 2,525                                           | -                                                  | 2,525                       | 11,606                      |
| Partners in Leadership                         | 13,177                            | -                                               | -                                                  | 13,177                      | 19,346                      |
| Professional Firms Network                     | -                                 | -                                               | -                                                  | -                           | 26,132                      |
| Glasgow Project                                | 39,883                            | 28,238                                          | -                                                  | 68,121                      | 46,486                      |
| CSR Events, Publicity and Rural Affairs        | 6,102                             | 1,358                                           | -                                                  | 7,460                       | 37,547                      |
| Awards for Excellence                          | 20,745                            | 769                                             | -                                                  | 21,514                      | 31,806                      |
| GlaxoSmithKline – Economic Development Fund    | 218,855                           | -                                               | -                                                  | 218,855                     | 61,932                      |
| Cares/Team Challenge                           | 19,285                            | 9,223                                           | -                                                  | 28,508                      | 4,253                       |
| Research/SMEs                                  | 6,556                             | -                                               | -                                                  | 6,556                       | 14,197                      |
| Diversity                                      | -                                 | -                                               | -                                                  | -                           | 3,807                       |
| Celebration Dinner                             | 71,421                            | -                                               | -                                                  | 71,421                      | 19,015                      |
| Ready for Work/Business Action on Homelessness | 75,054                            | -                                               | -                                                  | 75,054                      | 13,872                      |
| Community Mark                                 | 37,776                            | -                                               | -                                                  | 37,776                      | 4,776                       |
| Programme Purchase                             | -                                 | -                                               | -                                                  | -                           | 3,000                       |
|                                                | <b>784,291</b>                    | <b>48,718</b>                                   | <b>-</b>                                           | <b>833,009</b>              | <b>591,545</b>              |

Costs are allocated to the above activities by charging direct salaries and other costs to the activities and adding management and overhead costs using recovery rates for salaries and overheads based on hours spent on each activity.

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

**Notes to the financial statements for the year ended 31 May 2005**

**2(b) Support costs and grants payable (continued)**

| <b>Support Costs</b>           | <b>Restricted<br/>Funds<br/>£</b> | <b>Unrestricted<br/>Funds<br/>General<br/>£</b> | <b>Unrestricted<br/>Funds<br/>Designated<br/>£</b> | <b>2005<br/>Total<br/>£</b> | <b>2004<br/>Total<br/>£</b> |
|--------------------------------|-----------------------------------|-------------------------------------------------|----------------------------------------------------|-----------------------------|-----------------------------|
| Salaries                       | 360,119                           | 29,132                                          | -                                                  | 389,251                     | 329,644                     |
| Consultancy                    | 105,664                           | 2,166                                           | -                                                  | 107,830                     | 63,807                      |
| Honoraria                      | 21,313                            | -                                               | -                                                  | 21,313                      | 26,950                      |
| Events                         | 38,789                            | 5,438                                           | -                                                  | 44,227                      | 33,361                      |
| Travel and subsistence         | 35,872                            | 2,284                                           | -                                                  | 38,156                      | 25,392                      |
| Office services                | 16,101                            | 5,833                                           | -                                                  | 21,934                      | 8,088                       |
| Rent and rates                 | 6,153                             | 703                                             | -                                                  | 6,856                       | 7,025                       |
| Printing and publicity         | 17,646                            | 1,320                                           | -                                                  | 18,966                      | 7,930                       |
| Telephone                      | 9,931                             | 1,376                                           | -                                                  | 11,307                      | 7,560                       |
| Other                          | 1,348                             | 466                                             | -                                                  | 1,814                       | 27,367                      |
|                                | <b>612,936</b>                    | <b>48,718</b>                                   | <b>-</b>                                           | <b>661,654</b>              | <b>537,124</b>              |
| <b>Grants Payable</b>          | <b>Restricted<br/>Funds<br/>£</b> | <b>Unrestricted<br/>Funds<br/>General<br/>£</b> | <b>Unrestricted<br/>Funds<br/>Designated<br/>£</b> | <b>2005<br/>Total<br/>£</b> | <b>2004<br/>Total<br/>£</b> |
| GSK Start-Up Grants            | 61,049                            | -                                               | -                                                  | 61,049                      | 38,153                      |
| GSK Business Growth Grants     | 98,176                            | -                                               | -                                                  | 98,176                      | 10,715                      |
| GSK Skillsladder Grants        | 11,830                            | -                                               | -                                                  | 11,830                      | 2,113                       |
| GSK Individual Initiative Fund | -                                 | -                                               | -                                                  | -                           | 1,000                       |
| Other                          | 300                               | -                                               | -                                                  | 300                         | 2,440                       |
|                                | <b>171,355</b>                    | <b>-</b>                                        | <b>-</b>                                           | <b>171,355</b>              | <b>54,421</b>               |

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

**Notes to the financial statements for the year ended 31 May 2005**

The top 50 grants awarded by the GSK Fund by value of payment were:

| <b>Grant Recipient</b>              | <b>Amount (£)</b> | <b>Grant Recipient</b> | <b>Amount (£)</b> |
|-------------------------------------|-------------------|------------------------|-------------------|
| <b><u>Start-up Grants</u></b>       |                   |                        |                   |
| Mania Dance Accessories             | 1,000             | Paula McGurk           | 2,000             |
| Elmswood Scotland Ltd               | 2,000             | Kevin Foreman          | 1,958             |
| RMEC Ltd                            | 1,000             | Mr & Mrs H Jones       | 2,000             |
| 3D Sports Services                  | 1,000             | Dennis Christie        | 2,000             |
| Angus Game Plus Ltd                 | 1,701             | Hutcheson Plant        |                   |
| Donald Cameron                      | 1,000             | Services Ltd           | 1,598             |
| Stefan Swilinski                    | 1,000             | HA Loudon              | 1,000             |
| MacDonald Book-keeping              |                   | Les Cameron            | 1,000             |
| Services Ltd                        | 1,000             | Michelle Jenkins       | 1,000             |
| Ben Harris                          | 1,000             | Amanda Alexander       | 1,000             |
| Bob Harcus                          | 1,000             | LSL Driving School     | 1,000             |
| Inspiration Street Holistic         | 1,000             | Mark Webster           | 1,000             |
| Lesley Singers                      | 1,000             | Gwen Paton             | 1,000             |
| James Brownlie                      | 1,000             | Bob Smith              | 1,000             |
| Robert Black                        | 1,000             | R Luckett              | 1,000             |
| Iain Greig                          | 1,000             | David McIntosh         | 1,000             |
| <b><u>Business Growth Grant</u></b> |                   |                        |                   |
| RT Metal Services Ltd               | 1,046             | Mechserv Ltd           | 17,748            |
| Gray Retail Ltd                     | 7,500             | Greenpark Garage       | 2,250             |
| Southesk Farms                      | 4,695             | A Sturrock & Son       | 7,621             |
| Astute (Scotland) Ltd               | 3,048             | Baxter Crowe           |                   |
| PDQ Omis Ltd                        | 3,750             | Developments           | 4,988             |
| Streamtech Ltd                      | 3,375             | The Rural              |                   |
| Point of Care Testing               | 2,500             | Development Co.        | 3,750             |
| North East Contractors              | 2,028             | McMillan Outsourced    |                   |
| Stirling Potatoes Ltd               | 3,260             | Service                | 1,000             |
| <b><u>Skillsladder Grant</u></b>    |                   |                        |                   |
| Idinspire Ltd                       | 1,250             | J&P Metal              |                   |
| Gray Retail Ltd                     | 1,050             | Technologies           | 4,575             |
| Astute (Scotland ) Ltd              | 1,100             | Freedom                | 1,000             |

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**Notes to the financial statements for the year ended 31 May 2005**

**3 Management and administration**

|                                           | <b>2005<br/>Total<br/>£</b> | <b>2004<br/>Total<br/>£</b> |
|-------------------------------------------|-----------------------------|-----------------------------|
| Depreciation                              | 5,719                       | 3,440                       |
| Office Service Costs                      | 13,213                      | 12,278                      |
| Pension Contributions                     | 21,998                      | 14,379                      |
| Postage and Stationery                    | 2,351                       | 3,402                       |
| Printing and Publicity                    | 5,347                       | 6,514                       |
| Professional Fees                         | 12,711                      | 13,657                      |
| Publications and Newspapers               | 118                         | 430                         |
| Events                                    | 18,841                      | 2,805                       |
| Salaries                                  | 62,017                      | 32,833                      |
| Sundry Office and Administration Expenses | 4,001                       | 1,278                       |
| Telephone                                 | 5,582                       | 4,922                       |
| Training                                  | 4,087                       | 4,032                       |
| Travel and Subsistence                    | 4,446                       | 8,715                       |
| Motor Expenses                            | 204                         | 2,690                       |
|                                           | <b>160,635</b>              | <b>111,375</b>              |

The management and administration costs are arrived at by taking total costs and deducting those allocated to generation of funds and activities in furtherance of charity's objectives.

**4 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.

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

## **Notes to the financial statements for the year ended 31 May 2005**

### **5 Surplus for the year**

The surplus for the year is stated after charging

|                                             | 2005<br>£ | 2004<br>£ |
|---------------------------------------------|-----------|-----------|
| Hire of office equipment – operating leases | 79        | 80        |
| Depreciation of fixed assets                | 10,175    | 14,494    |
| Gain on disposal of fixed assets            | -         | -         |

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.

### **6 Employee information**

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

|                    | 2005<br>Number | 2004<br>Number |
|--------------------|----------------|----------------|
| Programme managers | 11             | 10             |
| Administration     | 7              | 6              |
|                    | 18             | 16             |

| Company employment costs:                   | 2005<br>£ | 2004<br>£ |
|---------------------------------------------|-----------|-----------|
| Gross wages                                 | 473,549   | 381,815   |
| Employer's national insurance contributions | 49,267    | 39,857    |
| Pension contributions (a)                   | 21,998    | 14,379    |
| (d)                                         | 544,814   | 436,051   |

(a) 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, where appropriate, to employees' own pension schemes and amounted to £21,998 (2004: £14,379).

(b) No remuneration or expenses are paid to directors.

(c) In addition to the paid employees noted above, SBC had the support during the year of two persons on secondment from other organisations with employment costs of £65,000

(d) The increase in salary costs largely relates to the additional employees recruited during the year and the full year costs of employees who commenced employment in the year to 31 May 2004.

(e) There is one employee in receipt of total remuneration between £50,000 and £60,000 (2004: One) In addition, pension contributions of £4,155 (2004 £3,987) were made by the company to this employee's pension scheme

**Scottish Business in the Community**  
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**Notes to the financial statements for the year ended 31 May 2005**

**7 Fixed assets**

|                                  | <b>Office<br/>Equipment<br/>£</b> | <b>Office<br/>Fittings<br/>£</b> | <b>Motor<br/>Vehicles<br/>£</b> | <b>Total<br/>£</b> |
|----------------------------------|-----------------------------------|----------------------------------|---------------------------------|--------------------|
| <b>Cost</b>                      |                                   |                                  |                                 |                    |
| At 31 May 2004                   | 65,225                            | 11,533                           | 16,609                          | 93,367             |
| Additions                        | 19,698                            | 999                              | -                               | 20,697             |
| <b>At 31 May 2005</b>            | <b>84,923</b>                     | <b>12,532</b>                    | <b>16,609</b>                   | <b>114,064</b>     |
| <b>Depreciation</b>              |                                   |                                  |                                 |                    |
| At 31 May 2004                   | 54,107                            | 7,911                            | 1,400                           | 63,418             |
| Charge for year                  | 6,245                             | 570                              | 3,360                           | 10,175             |
| <b>At 31 May 2005</b>            | <b>60,352</b>                     | <b>8,481</b>                     | <b>4,760</b>                    | <b>73,593</b>      |
| <b>Net book value</b>            |                                   |                                  |                                 |                    |
| <b>At 31 May 2005</b>            | <b>24,571</b>                     | <b>4,051</b>                     | <b>11,849</b>                   | <b>40,471</b>      |
| Net book value<br>At 31 May 2004 | 11,118                            | 3,622                            | 15,209                          | 29,949             |

**8 Debtors**

|                                      | <b>2005<br/>£</b> | <b>2004<br/>£</b> |
|--------------------------------------|-------------------|-------------------|
| Amounts falling due within one year: |                   |                   |
| Sundry debtors                       | 595               | 6,593             |
| Prepayments and accrued income       | 7,774             | 5,670             |
| Advances to Tayside Business Gateway | 66,654            | 38,009            |
|                                      | <b>75,023</b>     | <b>50,272</b>     |

The advances to Tayside Business Gateway are in respect of the GSK Angus and Mearns Economic Development Fund (refer to note 15).

**Scottish Business in the Community**  
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**Notes to the financial statements for the year ended 31 May 2005**

**9 Stock**

|             | <b>2005</b> | <b>2004</b> |
|-------------|-------------|-------------|
|             | <b>£</b>    | <b>£</b>    |
| Consumables | <b>200</b>  | <b>200</b>  |

**10 Creditors**

|                                      | <b>2005</b>    | <b>2004</b>   |
|--------------------------------------|----------------|---------------|
|                                      | <b>£</b>       | <b>£</b>      |
| Amounts falling due within one year: |                |               |
| Other taxation and social security   | <b>14,962</b>  | <b>13,579</b> |
| VAT                                  | <b>21,165</b>  | <b>26,985</b> |
| Sundry creditors                     | <b>61,975</b>  | <b>8,477</b>  |
| Accruals and deferred income         | <b>29,892</b>  | <b>28,105</b> |
|                                      | <b>127,994</b> | <b>77,146</b> |

**11 Financial commitments**

As at 31 May 2005 the company had no annual commitments under non-cancellable operating leases.

# Scottish Business in the Community

## (A company limited by guarantee)

### Notes to the financial statements for the year ended 31 May 2005

#### 12 Related party disclosure

Financial Reporting Standard 8: Related Party Disclosures (FRS 8) requires the disclosure of the details of material transactions between the reporting entity and related parties. Under the terms of FRS 8, each of the companies that subscribe to membership of Scottish Business in the Community, and are represented on the Board of Directors, are deemed to be related parties. The income from those members totalled £365,000 (2004: £370,760). There are no costs incurred with related parties (2003: £nil). Benefits in kind from such related parties totalled £88,500 (2004: £79,400).

#### 13 Movements of funds

|                               | Restricted<br>Funds<br>£ | Unrestricted<br>Funds<br>General<br>£ | Unrestricted<br>Funds<br>Designated<br>£ | 2005<br>Total<br>£ |
|-------------------------------|--------------------------|---------------------------------------|------------------------------------------|--------------------|
| Opening balance               | 876,690                  | 237,306                               | 128,219                                  | 1,242,215          |
| Movement during year          | (146,711)                | 16,048                                | (15,310)                                 | (145,973)          |
| <b>Balance at 31 May 2005</b> | <b>729,979</b>           | <b>253,354</b>                        | <b>112,909</b>                           | <b>1,096,242</b>   |

#### 14 Fund accounting

Funds held by the charity are either:

- ❖ **Unrestricted general funds** – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- ❖ **Designated funds** – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.
- ❖ **Restricted funds** – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for restricted purposes.

Further explanation of the nature and purpose of each fund is included in notes 15 and 16 to the financial statements.

Transfers between funds can only be made with the approval of the board of directors and must be in accordance with the terms of reference agreed with the donor organisations.

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

## **Notes to the financial statements for the year ended 31 May 2005**

### **15 Restricted funds**

|                                      | At 1<br>June<br>2004<br>£ | Incoming<br>Resources<br>£ | Outgoing<br>Resources<br>£ | Transfers      | At 31<br>May<br>2005<br>£ | Notes |
|--------------------------------------|---------------------------|----------------------------|----------------------------|----------------|---------------------------|-------|
| Network Groups                       | 175,551                   | 156,864                    | (182,939)                  | (2,134)        | 147,342                   | (1)   |
| Senior Executive Programme           | 17,143                    | 95,000                     | (92,498)                   | (4,287)        | 15,358                    |       |
| Community Mark                       | -                         | 50,000                     | (37,776)                   | -              | 12,224                    |       |
| Partners in Leadership               | 15,654                    | 25,000                     | (13,177)                   | -              | 27,477                    |       |
| Professional Firms Network           | 3,574                     | -                          | -                          | (3,574)        | -                         |       |
| Glasgow Project                      | -                         | 39,883                     | (39,883)                   | -              | -                         |       |
| Awards For Excellence                | 5,000                     | 21,000                     | (20,745)                   | (3,900)        | 1,355                     |       |
| Challenge Fund                       | 1,746                     | -                          | -                          | -              | 1,746                     |       |
| GSK – Main Fund                      | 622,918                   | 63,144                     | (218,855)                  | 7,333          | 474,540                   |       |
| Cares/Team Challenge                 | -                         | 19,285                     | (19,285)                   | -              | -                         |       |
| Rural                                | 1,399                     | 6,102                      | (6,102)                    | -              | 1,399                     |       |
| Business Action Against Homelessness | -                         | 90,690                     | (75,054)                   | (3,000)        | 12,636                    |       |
| CSR/SME Initiatives                  | 3,705                     | 25,000                     | (6,556)                    | 3,313          | 25,462                    |       |
| Celebration Dinner                   | 30,000                    | 47,961                     | (71,421)                   | 3,900          | 10,440                    | (2)   |
| Seeing is Believing                  | -                         | 17,793                     | (17,793)                   | -              | -                         |       |
|                                      | <b>876,690</b>            | <b>657,722</b>             | <b>(802,084)</b>           | <b>(2,349)</b> | <b>729,979</b>            |       |

**Network Groups, Glasgow Project, Partners in Leadership, Professional Firms Network and Business Action Against Homelessness** funds relate to cash support received from sources such as Scottish Executive, Scottish Enterprise, and local authorities to be used to cover the running costs of the programmes.

The objective of the programmes is to seek the engagement of private sector companies to provide support for charities, schools, community organisations and disadvantaged individuals.

**Cares/Team Challenge, Senior Executive Programme and Challenge Fund** comprises income received from organisations involved in the programmes and the Scottish Executive.

The objective of the programmes is to provide support for charities and community organisations through employee supported volunteering, retired manager volunteering and the provision of award funding for innovative and effective initiatives operated by the organisations.

**Community Mark and CSR/SME Initiatives** received funding from Scottish Enterprise.

The funding is used to research and develop best practice in Corporate Social Responsibility with emphasis on small and medium sized enterprises.

## **Scottish Business in the Community**

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## **Notes to the financial statements for the year ended 31 May 2005**

**Awards for Excellence, Celebration Dinner, Seeing is Believing and Rural Programme** received grant funding from Communities Scotland, Scottish Enterprise and sponsorship funding from SBC members and others. The Rural Programme is not yet funded.

These programmes are aimed at publicising the benefits of CSR to private sector organisations through the presentation of awards for best practice and letting the private sector leaders see examples of initiatives already running but which need support to continue or expand.

**GSK (GlaxoSmithKline) Angus & Mearns Economic Development Fund** was set up to alleviate the effects to the local community of the closure of GSK's Montrose Factory. The fund was launched in September 2003 and is expected to run for 3 years from that date. The fund, administered by SBC with the application and payment operation carried out by Tayside Business Gateway, has three strands from which payments are made:

|                |                                                                                                                                                                                                                                                                                                    |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Start-up Grant | payments of up to £1,000 per sole trader and £2,000 per partnership to encourage the development of small businesses and thereby create jobs. 57 Start-ups grants were paid, with 64 jobs created, costing £61,000 in 2004/05.                                                                     |
| Growth Grant   | payments of up to £5,000 per job (maximum £25,000 per business) to subsidise the cost of new jobs created in small (up to 25 employees) companies. 28 businesses were assisted and 37 jobs created at a cost of £98,000 in 2004/05.                                                                |
| Skillsladder   | payments of up to £1,000 per employee (maximum £5,000 per business) to subsidise the cost of training for small companies (up to 25 employees) as part of a development plan to expand the company and create more jobs. 37 training opportunities were completed during 2004/05, costing £12,000. |

Grant payments are made after proof of actual expenditure is received and follow-up procedures are in place to monitor the sustainability of the businesses and jobs created /assisted. Grants payments are reflected in SBC's accounts based on quarterly reports received from Tayside Business Gateway.

Also included in the GSK Main Fund in incoming resources, is interest received on the unused balance of the fund. Outgoing resources include the cost of administering the fund including Tayside Business Gateway's consultancy fees.

**Note (1)** Includes £58,833 for Angus Network Group as at 31 May 2005.

**Note (2)** Reflects the value of income received during the year carried forward to cover the dinner costs not charged/paid until year to 31 May 2006.

**Scottish Business in the Community**  
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**Notes to the financial statements for the year ended 31 May 2005**

**16 Designated Funds**

|                           | At 1 June<br>2004 | Incoming<br>Resources | Outgoing<br>Resources | At 31 May<br>2005 |
|---------------------------|-------------------|-----------------------|-----------------------|-------------------|
|                           | £                 | £                     | £                     | £                 |
| Benefactor Fund           | 65,934            | -                     | -                     | 65,934            |
| Johnson & Johnson funding | 40,195            | -                     | -                     | 40,195            |
| CSR Fund                  | 22,090            | -                     | 15,310                | 6,780             |
|                           | <u>128,219</u>    | <u>-</u>              | <u>15,310</u>         | <u>112,909</u>    |

The Benefactor and Johnson & Johnson Funds are to be used by SBC for strategic purposes in the achievement of its objectives. The CSR Fund is to be used by SBC to develop corporate social responsibility generally.

**17 Analysis of net assets between funds**

|                       | General<br>Fund | Designated<br>Funds | Restricted<br>Funds | Total<br>Funds   |
|-----------------------|-----------------|---------------------|---------------------|------------------|
|                       | £               | £                   | £                   | £                |
| Tangible Fixed Assets | 40,471          | -                   | -                   | 40,471           |
| Net Current Assets    | <u>212,883</u>  | <u>112,909</u>      | <u>729,979</u>      | <u>1,055,771</u> |
|                       | <u>253,354</u>  | <u>112,909</u>      | <u>729,979</u>      | <u>1,096,242</u> |