

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

Annual Report

For the year ended 31 May 2007

Registered Number:	SC80355
Charity Number:	CR43853

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

Annual Report

For the year ended 31 May 2007

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

Directors' report for the year ended 31 May 2007

The Directors have pleasure in submitting the audited financial statements for the year ended 31 May 2007

Directors and advisors for the year ended 31 May 2007

Directors

George C Borthwick CBE (Chairman)
The Hon Mark H Laing (Vice-Chairman)
JP Dugdale Bradley (resigned 8 November 2006)
Brendan Dick (appointed 7 September 2006)
Terence Currie
Sir John W Elvidge
James Gaffney
Stephen Gold
Janet M Hamblin
Peter D Nicholson
Susan Rice CBE
Jane Wood
Marcia Campbell (appointed 7 September 2006)
Allan Miller (appointed 9 October 2006)

President

HRH The Prince Charles, Duke of Rothesay

Chief Executive

Samantha Barber

Secretary and registered / principal office

James A Graham (resigned 24 November 2006)
The Hon Mark H Laing (appointed 18 April 2007)
Livingstone House , 43A Discovery Terrace
Heriot Watt University Research Park
Edinburgh
EH14 4AP

Auditors

PKF (UK) LLP
17 Rothesay Place
Edinburgh
EH3 7SQ

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 2007

Structure, Governance and Management

SBC is a charitable company limited by guarantee (Registered Number SC80355), incorporated on 11 October 1982 and originally registered as a charity on 26 December 1988. The company was established under a Memorandum of Association which set out the objects and powers of the company and it is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £5. At 31 May 2007 there were 60 guarantors in the register of members.

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

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 March 2005.

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 retires 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 1.

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.

Organisational Structure

SBC comprises a head office team of seventeen people with a further eight programme managers and 10 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. Details of related party transactions are set out in note 15.

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Financial Control 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, the Board is committed to building sufficient free reserves to meet a minimum of six months working capital. Currently the reserves represent 2 months working capital (2006 – 2 months). The Board are also committed to ensuring that effective control and monitoring procedures are continuously maintained.

Risk Management

The major risks to which the charity is exposed, as identified by the Board members, have been reviewed and systems established to mitigate them. These risks and emerging risks are monitored and reviewed quarterly by the senior management team with an annual review by the Board.

Objectives and Activities

Mission Statement

To support, broker and challenge businesses to continually improve their positive impact on society to ensure a successful, sustainable economy. In doing so, we aim for Scotland to be the example of excellence in Corporate Responsibility.

To achieve this we must be

- ❖ a confident organisation that inspires, leads and innovates by sharing, learning and experience through strong and stable partnerships
- ❖ an employer of choice for existing and future staff
- ❖ an organisation with a strong and stable membership base as well as secure and sustainable funding

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.

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 impact is achieved by the provision of initiatives and programmes aimed at impacting on key employability, education, health and environment issues facing Scotland today. The Company strives to maintain its position as the leading organisation in the expanding field of Corporate Responsibility (CR) in Scotland.

Supporting – through its account management system, SBC offers all member companies a structured method of engagement in Corporate Responsibility and support to maximise the benefits both to the member company and wider Scottish society.

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.

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Directors' report for the year ended 31 May 2007

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

The main programmes and initiatives are outlined below

Supporting

Membership

A structured and effective approach to Account Management is a key imperative for ensuring consistent and sustainable relationships with member organisations. SBC had a total of 72 members at the end of May 2007

GlaxoSmithKline Angus & Mearns Economic Development Fund

The fund, set up in 2003 to alleviate the effects of the closure of the GSK Montrose factory by providing business start up, growth and skill increasing grants is administered by SBC. The fund monies are expected to be exhausted by October 2007

Brokering

A number of vehicles are used to achieve this and they focus on four broad areas: education, employability, health and general community issues, such as the environment, health and drugs abuse

Education

- ❖ During the year, 7 secondary, 7 primary and 2 special needs schools in Glasgow were involved with over 200 businesses supporting 3600 pupils to reduce the number of young people leaving school with 'no destination', through the SBC 'Closing the Gap' Schools Employability programme
- ❖ Eight Local Authorities engaged with 9 companies and 148 volunteers to improve numeracy skills of pupils at 14 schools, through SBC's 'Numbers Partners' numeracy programme. Funding had come from Learning & Teaching Scotland until the end of March 2007. The project is under review at the end of May 2007 with a view to establishing feasibility of continuing with the programme
- ❖ Over 200 pupils in the North Edinburgh, Mid Lothian and Fife engaged in SBC's 'Work Experience' and 'Ethos for Work' involving 8 schools and over 30 companies

Employability & Health

- ❖ SBC in partnership with the Scottish Executive, the Scottish Centre for Healthy Working Lives and businesses has developed and promoted best practice in employability & health. The HWL project was launched in April 2007, and 36 SBC members are still registered under SHAW and 14 have registered to take part in the HWL awards scheme. The Employability Leadership group was launched to disseminate best practice
- ❖ The Youth Employability Programme was established in March 2007, with targets to deliver Advocacy & Awareness of the issues for the NEET group, a Dundee Pilot and collate best practice. Work commenced on all three areas, and three schools have been identified to work with in Dundee. These are Baldrigon Academy, Craigie High School and Braeview Academy

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- ❖ The Ready for Work Programme had 35 clients referred, 29 placed across Marks & Spencer, Royal Mail and John Wood Group. The programme ran in Aberdeen, Edinburgh, Glasgow and Inverness. There had been a break in employment of a Ready for Work Manager, which impacted on the outcomes for the year. The aim for next year is to broaden the range of business engagement with the project, and to deliver 70 work placements.

General Community

- ❖ Over 300 projects were supported through the Senior Executive Programme Volunteering Initiative whose member numbers increased to 225 in line with the planned objective.
- ❖ Employee volunteering promoted through 'Team Challenge' programme saw 18 challenges completed by 286 volunteers from 3 companies. The programme will develop to engage a wider range of businesses, challenge types and increased numbers of volunteers.

Challenging

Awards

UK Awards for Excellence 22 Big Ticks in Scotland from 26 entries

SBC Company of the Year Awards

- ❖ Scottish Power Large Company of the Year
- ❖ Macphie of Glenbervie SME of the Year
- ❖ Foyer Enterprises Social Enterprise of the Year

The Awards will continue in 2008, in a similar format.

Training and Consultancy services

- ❖ Outward Focus Module for Scottish Executive – This comprised a two day training for Scottish Executive staff to train future policy makers on partnership working and CR.
- ❖ Working for Families – This is a consultancy contract with the City of Edinburgh Council to conduct workplace research on flexible working practice.
- ❖ CSR training Module for Scottish Enterprise staff was updated and launched.
- ❖ CSR training CPD framework was developed.

Key services that SBC will provide in 2007/08 include

- ❖ The partnership for 2007/08 with Scottish Enterprise includes SBC developing and delivering training sessions and masterclasses on CSR to their staff and directors.
- ❖ A new partnership with Napier University Business School has been developed, to pilot CSR training for key corporates in Spring 08.
- ❖ Scoping the demand, among SBC Members and other partners, for CSR training and consultancy services delivered by SBC.

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Seeing is Believing:

The programme takes groups of senior business leaders into the community to see at first hand the challenges these communities face

- ❖ **Glasgow** – This Youth Employability focussed visit was led by Sir Robert Smith with a total of 8 participants and 3 projects assisted
- ❖ **HRH follow up visit** – to Hollybook School with HRH The Prince Charles, Duke of Rothesay to see the impact of cash investment from a number of businesses for refurbishment and IT equipment

Promotion of Best Practice

- ❖ Through the SBC Small Business Networking, Scottish best practice has been promoted at 33 events throughout Scotland contacting approximately 800 business representatives
- ❖ 4 Companies were awarded CommunityMark in 2006 7, and the target for 2007 8 is 8 awards and 15 engaged This is dependent on the relaunch of CommunityMark, scheduled for Autumn 2007

SBC 25th Anniversary Celebration Dinner

- ❖ This prestigious event was held in the impressive surroundings of 'Prestonfield House' in Edinburgh We were extremely fortunate to welcome our president HRH The Prince Charles, Duke of Rothesay to speak at the event The Duke was joined by over 400 Scottish Business leaders at this successful evening

Prince's Ambassador for CSR

- ❖ In June 2006, Sir Robert Smith was appointed for the year as SBC HRH (now The Prince's) Ambassador for CSR in Scotland Sir Robert chaired 3 business breakfasts and hosted a Seeing is Believing event in Glasgow

Event Activity

The following major events were delivered during the year under review

- ❖ HRH Ambassador Events
- ❖ Seeing is Believing Events
- ❖ Awards for Excellence Workshops
- ❖ The SBC 25th Anniversary Celebration Dinner
- ❖ Members Forums
- ❖ The SBC AGM 2006
- ❖ Programme Specific Events

Achievements and Performance

As a result of growth over previous years, the last business plan 2006/7 saw a restructure of the organisation and management team with a view to better placing the organisation for continued growth

The restructure concentrated on Operational delivery of SBC programmes and events to meet the needs of members New posts included the appointment of a Director of Operations/Deputy Chief Executive, an External Relations Manager and a Programmes Manager These new roles provide the basic organisational infrastructure to further develop SBC

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Financial review

During the year a deficit of £18,704 was incurred on unrestricted activities prior to reserve transfers while as expected a deficit of £161,837 was made on restricted funds as carried forward funds were utilised resulting in an overall deficit for the year of £180,451 compared to a deficit for the 05/06 year of £233,847 (Unrestricted £25,949 Restricted £207,898) The deficit generated was slightly higher than the deficit budgeted for the year of £161,462 partly due to the increase in costs of rental for new offices

For the 07/08 financial year a prudent budget has been set which targets a deficit of £94,816 (Unrestricted £75,060 Restricted £19,756) for the year However various potential sources of additional income have been identified which are being pursued which will reduce the deficit to a break even position In terms of restricted funds staff resources are clearly linked to availability of future funds

Plans for the Future

Moving forward in this financial year we aim to build a stronger platform for Corporate Responsibility and for membership With the restructure now in place SBC plan to build on current programmes and to extend the capacity to a wider reach across Scotland

As a Corporate Responsibility organisation SBC will demonstrate responsible business practice by relating the SBC mission to the vision, values and way we work In addition, though improved Knowledge Management, SBC will protect and enhance our unique knowledge base through learning and IT systems

Benefits in Kind and Special Support

The Directors wish to record their sincere thanks for the significant financial support received from The Scottish Executive, Scottish Enterprise, Communities Scotland, Careers Scotland, West Lothian Council, GlaxoSmithKline, Glasgow City Council, Oracle, BT Scotland, ScottishPower, Alliance Boots, KPMG, Scottish and Southern Energy, Weir Group, Wood Group 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 was also received during the year and included major contributions of

- ❖ Seconded personnel from The Scottish Executive and HBOS plc
- ❖ Accommodation from Angus Council, Voluntary Organisations North East Fife, Stirling Enterprise and Hansel Village,
- ❖ Legal, audit and accountancy services from Brodies Solicitors, PKF and Baker Tilly
- ❖ Prestonfield House, Maxwell Flowers, Macphie of Glenbervie, Nairns Oatcakes and Diageo

Changes in Fixed Assets

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

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Directors' report for the year ended 31 May 2007

Auditors

It is the directors' assessment that there is no relevant audit information which the auditors have not been made aware of and they have taken all necessary steps to ensure that the auditors have been made aware of all relevant information

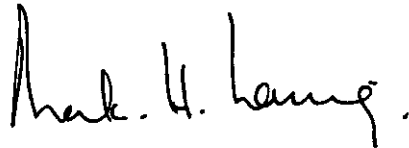
The auditors, PKF (UK) LLP, were appointed in accordance with section 385 of the Companies Act 1985

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to Small Companies

Approved by the board and signed on its behalf by

Mark Laing
Secretary

A handwritten signature in black ink, appearing to read 'Mark H. Laing', written over a horizontal line.

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Directors' report for the year ended 31 May 2007

Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company and charity law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity, including its income and expenditure, for that period. In preparing these financial statements the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF SCOTTISH BUSINESS IN THE COMMUNITY FOR THE YEAR ENDED 31 MAY 2007

We have audited the financial statements of Scottish Business in the Community for the year ended 31 May 2007 which comprise the statement of financial activities (incorporating the income and expenditure account), the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with section 235 of the Companies Act 1985 and to the charity's trustees, as a body in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, the charity's members as a body and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

This report is made in respect of an audit carried out under the Companies Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the company for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the Companies Act 1985 and comply with the requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity 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 trustees' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 May 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and comply with the requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006
- the information given in the directors' report is consistent with the financial statements



16 November 2007

PKF (UK) LLP
Registered Auditors
EDINBURGH, UK

Scottish Business in the Community
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Statement of Financial Activities
(incorporating the Income and Expenditure Account)
for the year ended 31 May 2007

	Notes	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	Total 2007 £	Total 2006 £
Incoming resources						
Incoming resources from generated funds						
Voluntary income	5		65,367		65,367	165,350
Investment income		7,432	19,470		26,902	39,956
Incoming resources from charitable activities						
Supporting, brokering and challenging	2	799,833	374,575		1,174,408	900,614
Total incoming resources		807,265	459,412		1,266,677	1,105,920
Resources expended						
Costs of generating funds						
Cost of generating voluntary income	5	-	65,367		65,367	165,350
Charitable activities						
Supporting, brokering and challenging	3/5	969,102	383,075	11,830	1,364,007	1,156,863
Governance Costs	5		17,844		17,844	17,554
Total resources expended		969,102	466,286	11,830	1,447,218	1,339,767
Net outgoing resources before transfers	6	(161,837)	(6,874)	(11,830)	(180,541)	(233,847)
Transfers	16	40,838	(40,838)			
Net movement in funds		(120,999)	(47,712)	(11,830)	(180,541)	(233,847)
Funds brought forward at 1 June 2006		522,081	122,391	97,270	741,742	975,589
Funds at 31 May 2007	16	401,082	74,679	85,440	561,201	741,742

The Charitable Company has no recognised gains or losses other than the deficit above and therefore no separate statement of total recognised gains and losses has been presented

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

All the above relates to continuing activities

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Balance Sheet as at 31 May 2007

	Notes	2007 £	2006 £
Fixed Assets			
Tangible assets	8	<u>48,888</u>	60,193
Current Assets			
Stock	10	200	200
Debtors	9	270,169	86,913
Cash at bank and in hand		<u>588,210</u>	<u>825,972</u>
		858,579	913,085
Creditors amounts falling due within one year	11	<u>(346,266)</u>	<u>(231,536)</u>
Net current assets		<u>512,313</u>	681,549
Total assets less current liabilities		<u>561,201</u>	741,742
Net assets		<u><u>561,201</u></u>	<u><u>741,742</u></u>

Representing.

Unrestricted funds	16	74,679	122,391
Designated funds	19	85,440	97,270
Restricted funds	18	<u>401,082</u>	<u>522,081</u>
	16	<u><u>561,201</u></u>	<u><u>741,742</u></u>

This report has been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to Small Companies

The financial statements on pages 12 to 25 were approved and signed on behalf of The Board of Directors on 15th Nov 2007 by *George C. Borthwick*

George Borthwick CBE
Chairman

Scottish Business in the Community

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Notes to financial statements for the year ended 31 May 2007

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice (revised 2005) "Accounting and Reporting by Charities" and the Financial Reporting for Smaller Entities (effective January 2005)

Membership subscriptions

Subscription income is accounted for over the period to which the subscription relates

Grants and sponsorship

All sponsorship is treated as income on receipt whereas grants are recognised in the period they relate to. 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.

In kind resources

In kind resources are recognised in the accounts on the basis of the invoiced cost of providing these services.

Resources expended

Direct costs for charitable activities are charged to the charitable activity and support costs are allocated to the activity.

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.

Governance costs are charged directly to the Statement of Financial Activities when incurred and consist of audit fees and meeting costs.

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

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%	20%	straight line
Office equipment (including computers)	20%	33 33%	straight line
Motor Vehicles	20%	25%	straight line

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Notes to financial statements for the year ended 31 May 2007

1 Principal accounting policies (continued)

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.

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

Pension costs

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2 Incoming resources

	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	2007 Total £	2006 Total £
Grants	799,833	5,182		805,015	621,763
Subscriptions		244,212		244,212	202,833
Associated subscriptions		15,000		15,000	12,100
Programme income	-	8,209		8,209	31,162
Sponsorship & Event income		101,465		101,465	29,304
Other		507		507	3,452
	799,833	374,575		1,174,408	900,614

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Notes to financial statements for the year ended 31 May 2007

3 Resources expended

Charitable activities

Supporting, brokering and challenging costs

	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	2007 Total £	2006 Total £
SBC Network Groups	270,188	106,802		376,990	285,783
Senior Executive Programme	74,995	29,645		104,640	127,162
Development Assignment Programme	273	108		381	336
Partners in Leadership	293	116		409	7,101
Glasgow Project	121,450	48,008		169,458	87,143
CSR Events, Publicity and Rural Affairs, Accommodation, IT	2,175	860	11,830	14,865	69,389
Awards for Excellence	26,524	10,485		37,009	17,214
GlaxoSmithKline Economic Development Fund	178,238	70,455		248,693	263,259
Cares/Team Challenge	35,267	13,941		49,208	22,407
Research/SMEs	25,558	10,103		35,661	9,264
Ready for Work/Business Action on Homelessness	82,878	32,761		115,639	155,241
Healthy Working Lives	27,302	10,792		38,094	35,187
Community Mark	52,999	20,950		73,949	41,922
Payroll Giving	158	62		220	10,864
Number Partners	6,837	2,703		9,540	24,591
Outward Focus	5,625	2,223		7,848	
North Highland Initiative	40,865	16,153		57,018	
Working for Families	3,421	1,352		4,773	
Job Coaching	6,619	2,616		9,235	
Youth Employability	7,048	2,786		9,834	
Seeing is Believing	389	154		543	
	969,102	383,075	11,830	1,364,007	1,156,863

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

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Notes to financial statements for the year ended 31 May 2007

3 Resources expended (continued)

Charitable activities and governance cost	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	2007 Total £	2006 Total £
Salaries	505,479	165,933		671,412	527,680
Consultancy	162,826	18,206		181,032	134,123
Honoraria	30,729			30,729	27,952
Events	25,679	80,127		105,806	28,437
Travel and subsistence	37,471	12,844		50,315	44,600
Office services	11,759	14,909		26,668	21,026
Rent and rates	6,021	33,063		39,084	18,983
Printing and publicity	14,464	5,768		20,232	13,155
Telephone	7,552	6,416		13,968	12,957
Other	21,422	63,653	11,830	96,905	53,543
	823,402	400,919	11,830	1,236,151	882,456
Grants Payable					
	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	2007 Total £	2006 Total £
GSK Start Up Grants	31,588			31,588	49,442
GSK Business Growth Grants	98,868			98,868	114,946
GSK Skillsladder	15,244			15,244	17,608
GSK Individual Initiative Fund					1,761
Other					2,110
Grants Repaid					34,237
	145,700			145,700	220,104
Total charitable and governance costs for the year to 31 May 07	969,102	400,919	11,830	1,381,851	1,102,560

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

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Notes to financial statements for the year ended 31 May 2007

5 Total Resources Expended

	Basis Of Allocation	Charitable Activities 2007 £	Governance Costs 2007 £	Total 2007 £	Charitable Activities 2006 £	Governance Costs 2006 £	Total 2006 £
Costs directly allocated to activities							
Salaries	Direct	439,808	11,700	451,508	380,577	11,617	392,194
Consultancy fees	Direct	176,869		176,869	130,938		130,938
Honoraria	Direct	30,729		30,729	27,952		27,952
Events and programme purchase	Direct	79,355		79,355	23,731		23,731
Travel & subsistence	Direct	40,252	441	40,693	37,200	461	37,661
Office services	Direct	17,335	594	17,929	15,251	571	15,822
Audit	Direct		4,202	4,202		4,000	4,000
Rent & rates	Direct	22,278		22,278	10,798		10,798
Printing and publicity	Direct	17,481		17,481	11,364		11,364
Telephone	Direct	9,499	110	9,609	8,902	112	9,014
Motor	Direct		125	125		121	121
Depreciation	Direct	15,338	672	16,010	12,431	672	13,103
Subscriptions	Direct	3,735		3,735	3,421		3,421
Other	Direct	38,268		38,268	12,589		12,589
Grants paid	Direct	145,700		145,700	220,194		220,194
Sub Total		1,036,647	17,844	1,054,491	895,348	17,554	912,902
Support costs							
Allocated to activities							
Salaries	Pro Rata	219,904		219,904	193,572		193,572
Consultancy fees	Pro Rata	4,163		4,163	3,185		3,185
Events and programme purchase	Pro Rata	26,451		26,451	7,304		7,304
Travel & subsistence	Pro Rata	10,063		10,063	9,242		9,242
Office services	Pro Rata	9,333		9,333	7,454		7,454
Rent & rates	Pro Rata	16,806		16,806	8,191		8,191
Printing and publicity	Pro Rata	2,751		2,751	1,796		1,796
Telephone	Pro Rata	4,469		4,469	4,503		4,503
Motor	Pro Rata	556		556	483		483
Depreciation	Pro Rata	4,687		4,687	3,848		3,848
Subscriptions	Pro Rata	3,486		3,486	3,138		3,138
Other	Pro Rata	24,691		24,691	18,799		18,799
		327,360		327,360	261,515		261,515
Total Resources Expended		1,364,007	17,844	1,381,851	1,156,863	17,554	1,174,417
In Kind Support Income and expenditure							
Accommodation and admin support		19,350		19,350	27,250		27,250
Professional Services			13,000	13,000		25,500	25,500
Staff Costs		33,017		33,017	111,600		111,600
Printing and Publicity					1,000		1,000
		52,367	13,000	65,367	139,850	25,500	165,350

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Notes to financial statements for the year ended 31 May 2007

6 Net Outgoing Resource / Deficit for the year

The net outgoing resource / deficit for the year is stated after charging

	2007	2006
	£	£
Rental of office at Heriot Watt University Research Park	21,975	7,839
Hire of office equipment operating leases	166	79
Depreciation of fixed assets	20,697	16,480
Loss on disposal of fixed assets		471
Audit Fee	4,202	4,000

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

7 Employee information

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

	2007 Number	2006 Number
Programme managers	14	12
Administration	7	8
	<u>21</u>	<u>20</u>

	2007 £	2006 £
Company employment costs		
Gross wages	587,820	504,122
Employer's national insurance contributions	59,667	53,022
Pension contributions (a)	23,925	28,622
	<u>671,412</u>	<u>585,766</u>

- (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 employee's own pension schemes and amounted to £23,925 (2006 £28,622).
- (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 £33,017 (2006 £111,600).
- (d) There are no employees in receipt of total remuneration in excess of £60,000 (2006 £nil).

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8 Fixed assets

	Office Equipment £	Office Fittings £	Motor Vehicles £	Total £
Cost				
At 31 May 2006	45,253	44,300	16,609	106,162
Additions	8,736	656		9,392
At 31 May 2007	53,989	44,956	16,609	115,554
Depreciation				
At 31 May 2006	27,014	10,835	8,120	45,969
Charge for year	11,237	6,100	3,360	20,697
At 31 May 2007	38,251	16,935	11,480	66,666
Net book value				
At 31 May 2007	15,738	28,021	5,129	48,888
Net book value At 31 May 2006	18,239	33,465	8,489	60,193

9 Debtors

	2007 £	2006 £
Amounts falling due within one year		
Trade debtors	176,864	
Sundry debtors	2,270	600
Prepayments and accrued income	14,235	35,410
Advances to Tayside Business Gateway	76,800	50,903
	270,169	86,913

The advances to Tayside Business Gateway are in respect of GSK Angus and Mearns Economic Development Fund

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Notes to financial statements for the year ended 31 May 2007

10	Stock	2007	2006
		£	£
	Consumables	<u>200</u>	<u>200</u>
11	Creditors	2007	2006
	Amounts falling due within one year	£	£
	Bank overdraft	23,128	
	Other taxation and social security		13,840
	VAT	40,136	16,536
	Sundry creditors	47,646	41,728
	Accruals	36,170	23,462
	Deferred income (note 12)	199,186	135,970
		<u>346,266</u>	<u>231,536</u>
12	Deferred income	2007	2006
		£	£
	Brought forward	135,970	120,653
	Income released during the year	(135,970)	(120,653)
	Income deferred during the year	199,186	135,970
	Carried forward	<u>199,186</u>	<u>135,970</u>
13	Operating lease commitment		
	The company has entered into the sub lease of premises at Livingstone House, 43A Discovery Terrace, Heriot Watt University Research Park, Edinburgh EH14 4AP for a period of six years commencing the first day of January 2007 but with the option of terminating the sub lease on the thirty first day of December 2008		
		Buildings	Buildings
		2007	2006
		£	£
	Due within 1 to 2 years	<u>32,940</u>	
	Due within 2 to 5 years		<u>20,056</u>
14	Financial commitments		
	In respect of grants approved but not yet paid		
		2007	2006
		£	£
	Due within one year	<u>45,459</u>	<u>187,280</u>

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Notes to financial statements for the year ended 31 May 2007

15 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 SBC, and are represented on the Board of Directors, are deemed to be related parties. The income from those members totalled £361,000 (2006 £361,000). Benefits in kind from such related parties totalled £33,167 (2006 £53,750). During the year accounting services of £8,408 (2006 Nil) were invoiced to the company at a discount of 30% by Baker Tilly Tax and Advisory Services LLP, a firm in which one of the directors is a partner.

16 Movement of Funds

	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	2007 Total £
Opening balance	522,081	122,391	97,270	741,742
Movement during year	(161,837)	(6,874)	(11,830)	(180,541)
Transfers	40,838	(40,838)		
Balance at 31 May 2007	401,082	74,679	85,440	561,201

The transfer relates to the balance of funds which are no longer required for projects where objectives and criteria as originally specified have been met in full.

17 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 18 and 19 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.

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Notes to financial statements for the year ended 31 May 2007

18 Restricted funds

	Notes	At 1 June 2006 £	Incoming Resources £	Outgoing Resources £	Transfers £	Released from Unrestricted Funds £	At 31 May 2007 £
Network Groups	(a)	73,436	173,727	(270,188)	34,722	60,244	71,941
Senior Executive Programme	(b)	10,834	102,941	(74,995)	(546)		38,234
Community Mark	(c)	30,813	38,500	(52,999)	705		17,019
Partners in Leadership	(a)			(293)		293	
Number Partners			6,449	(6,837)		388	
Glasgow Project	(a)		155,833	(121,450)			34,383
Awards for Excellence	(d)	4,672	36,780	(26,524)			14,928
GSK Main Fund	(h)	318,434	7,389	(178,238)	(34,176)		113,409
Cares/Team Challenge	(b)		42,581	(35,267)			7,314
CSR Events, Publicity and Rural Affairs, Accommodation, IT	(d)	1,000		(2,175)		1,175	
Business Action Against Homelessness	(a)	2,296	66,565	(82,878)	14,151		134
CSR/SME Initiatives	(c)	43,292	37,500	(25,558)	(100)		55,134
Development Assignments	(g)	3,740		(273)	(3,467)		
Payroll Giving	(g)	6,592	5,000	(158)	(11,434)		
Healthy Working Lives	(f)	22,767	53,571	(27,302)	(19,585)		29,451
Outward Focus	(g)	4,205	2,686	(5,625)	(1,266)		
Youth Employability			3,953	(7,048)		3,095	
Job Coaching			1,185	(6,619)	5,434		
CPD Napier			1,000				1,000
Seeing is believing	(d)		2,655	(389)	(2,266)		
Working for Families	(g)		9,950	(3,421)	(6,529)		
North Highland Initiative	(e)		59,000	(40,865)			18,135
		522,081	807,265	(969,102)	(24,357)	65,195	401,082

(a) 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

(b) Cares/Team Challenge and Senior Executive Programme 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

(c) 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

(d) Awards for excellence, Seeing is Believing and Rural Programme received grant funding from Communities Scotland, Scottish Enterprise and sponsorship funding from SBC members and others

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

(e) North Highland Initiative comprises funding received from Clarence House for a rural community programme in the North of Scotland

(f) Healthy Working Lives received Grant funding from the Scottish Government via the Scottish Centre for Healthy working lives to help reduce inequality and improve the nations health by encouraging and supporting businesses to engage with the employability agenda

(g) Development Assignments, Payroll Giving, Outward Focus and Working for Families are programmes that no longer exist and therefore the remaining balances have been transferred to Unrestricted Funds

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Notes to financial statements for the year ended 31 May 2007

18 Restricted funds (continued)

(h) 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 was expected to run for 3 years from that date, now likely to run until late 2007. 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
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
Skillsladder	payments 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

Grant payments are made after proof of actual expenditure is received and follow up procedures are in place to monitor the sustainability of the business 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 costs of administering the fund including Tayside Business Gateway's consultancy fees.

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Notes to financial statements for the year ended 31 May 2007

19 Designated Funds

	At 1 June 2006 £	Incoming Resources £	Outgoing Resources £	At 31 May 2007 £
Benefactor Fund	63,151		5,578	57,573
Johnson & Johnson funding	34,119		6,252	27,867
	97,270		11,830	85,440

£31,000 of the Benefactor Fund represents the balance of the cost of fitting out the new SBC offices. This amount is being released in line with depreciation over the period of the office lease (6 years).

£12,000 of the Johnson & Johnson Fund represents the balance of the cost of renewing the SBC office IT equipment. This is being released in line with depreciation over a period of three years from the date of purchase. The balance of the designated funds (£42,000) will be used as seed corn funding to develop new income streams over the coming year. All as authorised by the board.

20 Analysis of net assets between funds

	General Fund £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible Fixed assets	48,888			48,888
Net current assets	25,791	85,440	401,082	512,313
	74,679	85,440	401,082	561,201