

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

Annual Report

For the year ended 31 May 2008

Registered Number: SC80355
Charity Number: SC007195

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

Annual Report

For the year ended 31 May 2008

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**Scottish Business in the Community
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Directors' report for the year ended 31 May 2008

Directors and advisors for the year ended 31 May 2008

Directors

George C Borthwick CBE (Chairman)
The Hon Mark H Laing (Vice-Chairman)
Brendan Dick
Terence Currie
Sir John W Elvidge
James Gaffney
Stephen Gold
Janet M Hamblin (resigned 5 May 2008)
Peter D Nicholson
Susan Rice CBE
Jane Wood
Marcia Campbell
Allan Miller
Robert Carr (appointed 12 June 2008)

President

HRH The Prince Charles, Duke of Rothesay

Chief Executive

Samantha Barber

Secretary and registered office

The Hon Mark H Laing
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 2008

Structure, Governance and Management

Scottish Business in the Community is a charitable company limited by guarantee, 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 2008 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 nineteen people with a further seven 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.

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 retaining sufficient free reserves to meet a minimum of six months working capital (£220k). Currently the reserves represent approximately two months working capital.

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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 regularly 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, our business plan focuses on 6 key areas:

Finance

SBC will have secure and stable finances with appropriate reserves.

Membership, Products and Services

SBC will have a focused membership offering to provide a quality service to member organisations.

External Relations

SBC will be prominent, respected and the lead voice in CR.

Human Resources

SBC's team will be committed and valued with shared values.

Partnerships

SBC will develop key cross sectoral partnerships which are respected both ways.

Corporate Functions

SBC will have robust leadership and operational integration.

Operational Highlights

There have been a number of positive developments in SBC in the year under review. The new organisational structure is now bedded in and this has resulted in an increase in activity across programmes and membership. SBC has expanded activities and events strategically with a membership focus and these have been 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.

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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.

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 74 members at the end of May 2008.

Brokering

A number of vehicles are used to achieve this and they focus on four broad areas: education, employability, health and general community issues.

Education:

- ❖ During the year, 7 secondary, 7 primary and 2 special needs schools in Glasgow were involved with over 200 businesses and over 100 mentors supporting over 3000 pupils to reduce the number of young people leaving school with 'no positive destination', through the SBC 'Closing the Gap' Schools Employability programme. The programme has been re-focussed to engage businesses specifically with pre-modern apprenticeship young people across all 29 high schools in Glasgow.
- ❖ Over 300 pupils in North Edinburgh engaged in SBC's 'Work Experience' and 'Ethos for Work' involving over 70 companies.

Employability & Health:

- ❖ SBC in partnership with Scottish Centre for Healthy Working Lives and the Scottish Government is launching a 6 month business led campaign called 'Scotland's got Talent'. This campaign evolved from recent research commissioned by SBC members which showed that there are clear business benefits from involvement in supporting the long term unemployed and disengaged young people back to work. 'Scotland's Got Talent' aims to inform businesses across Scotland of these benefits and encourage more companies to get involved to support more people back to work.
- ❖ The Youth Employability Programme continued in 2008, with targets to get more business engaged with those young people who are at risk of not moving into a positive destination. In Dundee, a successful mentoring project in Craigie High School and Braeview Academy has seen over 20 business mentors working with young people to help build their confidence and employability skills. Over the last year the programme established an active Youth Employability Leadership group consisting of businesses who are leading on this agenda.

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- ❖ The Ready for Work Programme had 59 clients referred who were placed across Marks & Spencer, Royal Mail, John Lewis Partnership, SkyBlue, Carillion and John Wood Group. Additionally, a partnership with Access to Industry to deliver Ready For Work in Edinburgh successfully placed 19 clients in Sodexo, Aramark and John Lewis Partnership.
- ❖ SBC embarked on a new programme in partnership with Ethicon in the Community. 'Bridge to Employment' runs in Inveralmond High School encouraging students to pursue a career in the Healthcare sector.

General Community:

- ❖ Over 360 projects were supported through the Senior Executive Programme Volunteering Initiative whose member numbers increased to 256 in line with the planned objective. Our volunteers provided 20,500 hours of volunteering to Social Enterprises and voluntary organisations.
- ❖ Employee volunteering promoted through 'Team Challenge' programme saw 113 challenges (a 600% increase from last year) completed by 1,500 volunteers. The programme has developed to engage a wider range of businesses, challenge types and increased numbers of volunteers.
- ❖ The SBC Community Sports Challenge has successfully run for it's third year in Aberdeen. This year we engaged 12 businesses with six community youth groups introducing them to competitive sports. The objective was to introduce them to sports, teamwork and sportsmanship.
- ❖ SBC's Network across Scotland has continued to deliver locally to meet the needs of communities in Aberdeen, Angus, Fife, Glasgow, West Lothian and North Edinburgh.
- ❖ The Scottish Enterprise SME Programme continues to develop and deliver projects that support SMEs in gaining business benefit from responsible business practice. This includes the Community Mark accreditation scheme, the development of the 'www.smallbusinessjourney.com' with new briefings and case studies; and updating the CSR module for Scottish Enterprise business advisors. One of the highlights of this year's activity is the encouragement, support and advice given to Scottish Enterprise on a self assessment project that has now established CSR in their business plan. This puts both organisations in a strong position to deliver next year's targets, which include a online CSR Healthcheck and CSR training advisors.

Challenging

Awards

UK Awards for Excellence - 20 Big Ticks in Scotland

SBC Company of the Year Awards:

- ❖ Lloyds TSB Scotland- Large Company of the Year
- ❖ DesignLinks - SME of the Year
- ❖ Spruce Carpets - Social Enterprise of the Year

In light of securing appropriate funding, the Awards will continue in 2009, 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.

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- ❖ Waterfront Edinburgh – SBC has worked closely with Waterfront Edinburgh to advise on the development of a CSR / Sustainability Strategy for the regeneration area in the North of Edinburgh.

Key services that SBC will provide in 2008-09 includes:

- ❖ CSR Training and Facilitation – This coming year SBC will launch an initiative for training member and non-member companies on responsible business practice and Corporate Responsibility.
- ❖ Consultancy – SBC will develop its CR consultancy capability to deliver expertise in responsible business practice.

Promotion of Best Practice

- ❖ Through the SBC Small Business Networking, Scottish best practice has been promoted at 9 events throughout Scotland.
- ❖ 11 companies engaged with Community Mark in 2007-8, 3 Awards and 2 re-accreditations, which is 25% of the UK wide Community Mark awards.

SBC 25th Anniversary Celebration Dinner

- ❖ This prestigious event was held in the 'Hilton Hotel in Glasgow' where 360 Scottish Business leaders attended the evening dinner and awards ceremony.

Prince's Ambassador for CSR

- ❖ In June 2007, Sandy Crombie was appointed for the year as The Prince's Ambassador for CSR in Scotland. Sandy chaired 2 business breakfasts and spoke at the SBC 25th Anniversary Reception and the May Day network.

Event Activity

The following major events were delivered during the year under review:

- ❖ HRH Ambassador Events
- ❖ HRH May Day Networks events (2x)
- ❖ May Day Beacon Events
- ❖ Awards for Excellence Workshops
- ❖ The SBC 26th Anniversary Celebration Dinner
- ❖ The SBC 25th Anniversary Reception
- ❖ Members Forums
- ❖ The SBC AGM 2007
- ❖ Programme Specific Events
- ❖ Membership Facilitation workshops
- ❖ Membership CR training workshops

Achievements and Performance

Following the restructure of the organisation SBC has seen continued strategic growth and a focus on revenues and infrastructure.

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Tight budgetary control processes are in place and work has commenced to develop a formal quality management system across the organisation.

This year SBC implemented an organisational wide contacts/diary management and Sales knowledge base system. This has helped develop our reporting on membership activity and we plan to further exploit the functionality of the system for sharing information and reviewing business performance. SBC are grateful to the 'Salesforce Foundation' for their donation of 25 licences for the software.

An active suite of Key Performance Indicators have been implemented and are reviewed monthly to help identify areas for improvement and to drive the organisation.

Financial Review

During the year a surplus of £7,709 was incurred on unrestricted activities prior to reserve transfers while as expected a deficit of £12,876 was made on restricted funds as carried forward funds were utilised resulting in an overall deficit for the year of £5,167 compared to a deficit for the 06/07 year of £180,541 (Unrestricted £18,704 Restricted £161,837).

For the 08/09 financial year a prudent budget has been set which targets a deficit of £43,747 (Unrestricted £43,747 Restricted £Nil) for the year. 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, making them more financially secure and to extend the capacity to a wider reach across Scotland. Thanks to Gael Quality who donated a quality management software system, SBC will be implementing a company wide quality system in the coming year.

SBC plan to develop our offerings to businesses, through the provision of CR Training, workshop facilitation and consultancy in key CR areas. We will focus on providing services that are key impact areas for our membership and for business in Scotland these will cover some of the key themes in the field of Corporate Responsibility and Sustainability, such as Supply Chain, Business Ethics, Environment and 'Reporting and Measuring'.

Benefits in Kind and Special Support

The Directors wish to record their sincere thanks for the significant financial support received from The Scottish Government, Scottish Enterprise, Communities Scotland, Careers Scotland, Scottish Centre for Healthy Working Lives, West Lothian Council, Fife Council, Edinburgh City Council, Angus Council, Glasgow City Council, GlaxoSmithKline, HBOS, Ethicon in the Community, Oracle, BT Scotland, ScottishPower, Alliance Boots, KPMG, Scottish and Southern Energy, State Street, Weir Group, Wood Group, Wood Family Trust, Lloyds TSB Scotland, The Carbon Trust Scotland and Business in the Community. 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:

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- ❖ Seconded personnel from HBOS plc.
- ❖ Accommodation from Angus Council, Edinburgh City Council;
- ❖ Legal, audit and accountancy services from Brodies Solicitors, PKF and Baker Tilly
- ❖ MCL, Nairns Oatcakes and Diageo.

And many thanks for the ongoing support from all our member companies who kindly give their time and resources for our efforts to promote CR across Scotland.

Changes in Fixed Assets

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

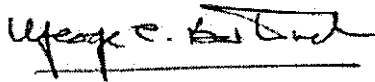
Auditors

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.

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



George Borthwick CBE
Chairman

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Directors' responsibilities for the year ended 31 May 2008

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 trustees 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;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF SCOTTISH BUSINESS IN THE COMMUNITY FOR THE YEAR ENDED 31 MARCH 2008

We have audited the financial statements of Forward Scotland for the year ended 31 March 2008 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 directors, 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 directors, 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 directors and auditors

The responsibilities of the directors (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 directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF SCOTTISH BUSINESS IN
THE COMMUNITY FOR THE YEAR ENDED 31 MARCH 2008**

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 directors 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 March 2008 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.



PKF (UK) LLP
Registered Auditors
EDINBURGH, UK

Date: 5 November 2008

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Statement of Financial Activities
(incorporating the Income and Expenditure Account)
for the year ended 31 May 2008

	Notes	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	Total 2008 £	Total 2007 £
Incoming resources						
Incoming resources from generated funds						
Voluntary income	5	-	64,600	-	64,600	65,367
Investment income		1,132	18,861	-	19,993	26,902
Incoming resources from charitable activities						
Supporting, brokering and challenging	2	944,093	434,117	-	1,378,210	1,174,408
Total incoming resources		945,225	517,578	-	1,462,803	1,266,677
Resources expended						
Costs of generating funds						
Cost of generating voluntary income	5	-	64,600	-	64,600	65,367
Charitable activities						
Supporting, brokering and challenging	3/5	958,101	415,035	11,810	1,384,946	1,364,007
Governance Costs	5	-	18,424	-	18,424	17,844
Total resources expended		958,101	498,059	11,810	1,467,970	1,447,218
Net (outgoing) / incoming resources before transfers	6	(12,876)	19,519	(11,810)	(5,167)	(180,541)
Transfers	16	13,836	(13,836)	-	-	-
Net movement in funds		960	5,683	(11,810)	(5,167)	(180,541)
Funds brought forward at 1 June 2007		401,082	74,679	85,440	561,201	741,742
Funds at 31 May 2008	16	402,042	80,362	73,630	556,034	561,201

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.

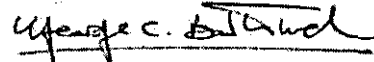
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Balance Sheet as at 31 May 2008

	Notes	2008 £	2007 £
Fixed Assets			
Tangible assets	8	<u>31,179</u>	<u>48,888</u>
Current Assets			
Stock	10	200	200
Debtors	9	410,020	270,169
Cash at bank and in hand		<u>453,903</u>	<u>588,210</u>
		<u>864,123</u>	<u>858,579</u>
Creditors - amounts falling due within one year	11	<u>(339,268)</u>	<u>(346,266)</u>
Net current assets		<u>524,855</u>	<u>512,313</u>
Total assets less current liabilities		<u>556,034</u>	<u>561,201</u>
Net assets		<u><u>556,034</u></u>	<u><u>561,201</u></u>
Representing:			
Unrestricted funds	16	80,362	74,679
Designated funds	19	73,630	85,440
Restricted funds	18	<u>402,042</u>	<u>401,082</u>
	16	<u><u>556,034</u></u>	<u><u>561,201</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 5th NOV. 2008 by:



George Borthwick CBE
Chairman

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

Notes to financial statements for the year ended 31 May 2008

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 2007).

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 2008

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 £	2008 Total £	2007 Total £
Grants	685,722	34,259	-	719,981	805,015
Subscriptions	-	220,279	-	220,279	244,212
Associated subscriptions	-	14,500	-	14,500	15,000
Programme income	-	-	-	-	8,209
Sponsorship & Event income	255,791	162,590	-	418,381	101,465
Other	2,580	2,489	-	5,069	507
	944,093	434,117	-	1,378,210	1,174,408

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Notes to financial statements for the year ended 31 May 2008

3 Resources expended

Charitable activities

Supporting, brokering and challenging costs

	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	2008 Total £	2007 Total £
SBC Network Groups	207,033	93,984	-	301,017	376,990
Senior Executive Programme	95,648	43,420	-	139,068	104,640
Development Assignment Programme	-	-	-	-	381
Partners in Leadership	-	-	-	-	409
Glasgow Project	133,165	60,450	-	193,615	169,458
CSR Events, Publicity and Rural Affairs, Accommodation, IT	-	-	11,810	11,810	14,865
Awards for Excellence	27,628	12,542	-	40,170	37,009
GlaxoSmithKline - Economic Development Fund	39,757	18,048	-	57,805	248,693
Cares/Team Challenge	109,309	48,148	-	157,457	49,208
Research/SMEs	111,710	50,711	-	162,421	35,661
Ready for Work/Business Action on Homelessness	77,714	35,278	-	112,992	115,639
Healthy Working Lives	52,700	23,924	-	76,624	38,094
Community Mark	-	-	-	-	73,949
Payroll Giving	-	-	-	-	220
Number Partners	-	-	-	-	9,540
Outward Focus	-	-	-	-	7,848
North Highland Initiative	46,945	21,311	-	68,256	57,018
Working for Families	-	-	-	-	4,773
Bridge to Employment	14,166	6,342	-	20,508	-
CPD Napier	1,225	560	-	1,785	-
Job Coaching	-	-	-	-	9,235
Youth Employability	41,101	18,741	-	59,842	9,834
Seeing is Believing	-	-	-	-	543
	958,101	433,459	11,810	1,403,370	1,364,007

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 2008

3 Resources expended (continued)

Charitable activities and governance cost	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	2008 Total £	2007 Total £
Salaries	638,892	171,930		810,822	671,412
Consultancy	154,865	66,266		221,131	181,032
Honoraria	32,871	-	-	32,871	30,729
Events	18,495	46,358	-	64,853	105,806
Travel and subsistence	44,786	17,593	-	62,379	50,315
Office services	7,286	12,877	-	20,163	26,668
Rent and rates	5,491	36,802	-	42,293	39,084
Printing and publicity	6,796	35,081	-	41,877	20,232
Telephone	8,435	5,084	-	13,519	13,968
Other	20,115	41,468	11,810	73,393	96,905
	938,032	433,459	11,810	1,383,301	1,236,151

Grants Payable

	Restricted Funds £	Unrestricted Funds General £	Unrestricted Funds Designated £	2008 Total £	2007 Total £
GSK Start-Up Grants	10,561	-	-	10,561	31,588
GSK Business Growth Grants	9,178	-	-	9,178	98,868
GSK Skillsladder	330	-	-	330	15,244
	20,069	-	-	20,069	145,700
Total charitable and governance costs for the year to 31 May 08	958,101	433,459	11,810	1,403,370	1,381,851

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 2008

5 Total Resources Expended

	Basis Of Allocation	Charitable Activities 2008 £	Governance Costs 2008 £	Total 2008 £	Charitable Activities 2007 £	Governance Costs 2007 £	Total 2007 £
Costs directly allocated to activities							
Salaries	Direct	553,442	11,800	565,242	439,808	11,700	451,508
Consultancy fees	Direct	213,681	-	213,681	176,869	-	176,869
Honoraria	Direct	32,871	-	32,871	30,729	-	30,729
Events and programme purchase	Direct	48,640	-	48,640	79,355	-	79,355
Travel & subsistence	Direct	49,428	475	49,903	40,252	441	40,693
Office services	Direct	17,537	610	18,147	17,335	594	17,929
Audit	Direct	0	4,742	4,742	-	4,202	4,202
Rent & rates	Direct	23,261	-	23,261	22,278	-	22,278
Printing and publicity	Direct	35,595	-	35,595	17,481	-	17,481
Telephone	Direct	9,338	125	9,463	9,499	110	9,609
Motor	Direct	-	-	-	-	125	125
Depreciation	Direct	14,981	672	15,653	15,338	672	16,010
Subscriptions	Direct	3,548	-	3,548	3,735	-	3,735
Other	Direct	20,349	-	20,349	38,268	-	38,268
Grants paid	Direct	20,069	-	20,069	145,700	-	145,700
Sub Total		1,042,740	18,424	1,061,164	1,036,647	17,844	1,054,491
Support costs Allocated to activities							
Salaries	Pro Rata	245,580	-	245,580	219,904	-	219,904
Consultancy fees	Pro Rata	7,450	-	7,450	4,163	-	4,163
Events and programme purchase	Pro Rata	16,213	-	16,213	26,451	-	26,451
Travel & subsistence	Pro Rata	12,476	-	12,476	10,063	-	10,063
Office services	Pro Rata	2,016	-	2,016	9,333	-	9,333
Rent & rates	Pro Rata	19,032	-	19,032	16,806	-	16,806
Printing and publicity	Pro Rata	6,282	-	6,282	2,751	-	2,751
Telephone	Pro Rata	4,056	-	4,056	4,469	-	4,469
Motor	Pro Rata	650	-	650	556	-	556
Depreciation	Pro Rata	5,018	-	5,018	4,687	-	4,687
Subscriptions	Pro Rata	2,903	-	2,903	3,486	-	3,486
Other	Pro Rata	20,530	-	20,530	24,691	-	24,691
		342,206	-	342,206	327,360	-	327,360
Total Resources Expended		1,384,946	18,424	1,403,370	1,364,007	17,844	1,381,851
In Kind Support - Income and expenditure							
Accommodation and admin support		14,100	-	14,100	19,350	-	19,350
Professional Services		-	13,000	13,000	-	13,000	13,000
Staff Costs		37,500	-	37,500	33,017	-	33,017
		51,600	13,000	64,600	52,367	13,000	65,367

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Notes to financial statements for the year ended 31 May 2008

6 Net Outgoing Resources / Deficit for the year

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

	2008	2007
	£	£
Rental of office at Heriot Watt University Research Park	39,660	21,975
Hire of office equipment - operating leases	-	166
Depreciation of fixed assets	20,871	20,697
Audit Fee	4,742	4,202

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:

	2008	2007
	Number	Number
Programme managers	16	14
Administration	10	7
	<u>26</u>	<u>21</u>

	2008	2007
	£	£
Gross wages	715,124	587,820
Employer's national insurance contributions	65,927	59,667
Pension contributions (a)	29,771	23,925
	<u>810,822</u>	<u>671,412</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 £29,771 (2007: £23,925).
- (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 one person on secondment from other organisations with employment costs of £37,500 (2007: £33,017).
- (d) There are no employees in receipt of total remuneration in excess of £60,000 (2007: none)

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Notes to financial statements for the year ended 31 May 2008

8 Fixed assets

	Office Equipment £	Office Fittings £	Motor Vehicles £	Total £
Cost				
At 31 May 2007	53,989	44,956	16,609	115,554
Additions	3,162	-	-	3,162
At 31 May 2008	57,151	44,956	16,609	118,716
Depreciation				
At 31 May 2007	38,251	16,935	11,480	66,666
Charge for year	11,467	6,044	3,360	20,871
At 31 May 2008	49,718	22,979	14,840	87,537
Net book value				
At 31 May 2008	7,433	21,977	1,769	31,179
Net book value				
At 31 May 2007	15,738	28,021	5,129	48,888

9 Debtors

	2008 £	2007 £
Amounts falling due within one year:		
Trade debtors	354,500	176,864
Sundry debtors	2,270	2,270
Prepayments and accrued income	53,250	14,235
Advances to Tayside Business Gateway	-	76,800
	410,020	270,169

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Notes to financial statements for the year ended 31 May 2008

10	Stock	2008	2007
		£	£
	Consumables	<u>200</u>	<u>200</u>

11	Creditors	2008	2007
		£	£
	Amounts falling due within one year:		
	Bank overdraft	-	23,128
	Other taxation and social security	70,817	40,136
	Sundry creditors	54,902	47,646
	Accruals	22,303	36,170
	Deferred income (note 12)	191,246	199,186
		<u>339,268</u>	<u>346,266</u>

12	Deferred income	2008	2007
		£	£
	Brought forward	199,186	135,970
	Income released during the year	(199,186)	(135,970)
	Income deferred during the year	191,246	199,186
	Carried forward	<u>191,246</u>	<u>199,186</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
	2008	2007
	£	£
	Due within one year	-
	Due with 1 - 2 years	32,940

14	Financial commitments		
	In respect of grants approved but not yet paid:-		
		2008	2007
		£	£
	Due within one year	30,186	45,459

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Notes to financial statements for the year ended 31 May 2008

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 £354,000 (2007: £361,000). Benefits in kind from such related parties totalled £37,500 (2007: £33,167). During the year accounting services of £17,289 (2007 - £8,408) were invoiced to the company 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	401,082	74,679	85,440	561,201
Movement during year	(12,876)	19,519	(11,810)	(5,167)
Transfers	13,836	(13,836)	-	-
Balance at 31 May 2008	402,042	80,362	73,630	556,034

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 2008

18 Restricted funds

	Notes	At 1 June 2007 £	Incoming Resources £	Outgoing Resources £	Transfers £	Released from Unrestricted Funds £	At 31 May 2008 £
Network Groups	(a)	71,941	206,424	(207,033)	7,924	96	79,352
Senior Executive Programme	(b)	38,234	72,895	(95,648)			15,481
Glasgow Project	(a)	34,383	197,667	(133,165)			98,885
Awards for Excellence	(d)	14,928	12,700	(27,628)			-
GSK - Main Fund	(g)	113,409	1,077	(39,757)			74,729
Cares/Team Challenge	(b)	7,314	161,219	(109,309)	(7,924)		51,300
Access to Industry & Ready For Work	(a)	134	64,065	(77,714)		13,515	-
CSR/SME Initiatives / Community Mark	(c)	72,153	71,445	(111,710)			31,888
Healthy Working Lives	(f)	29,451	58,900	(52,700)			35,651
Youth Employability	(h)	-	49,667	(41,101)			8,566
Bridge to Employment	(i)	-	14,166	(14,166)			-
CPD Napier		1,000	-	(1,225)		225	-
North Highland Initiative	(e)	18,135	35,000	(46,945)			6,190
		401,082	945,225	(958,101)	-	13,836	402,042

(a) Network Groups, Glasgow Project, Professional Firms Network and Access to Industry 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 received grant funding from 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.

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Notes to financial statements for the year ended 31 May 2008

18 Restricted funds (continued)

(g) 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.

(h) Youth Employability: Scottish government funded programme engaging businesses in the employability agenda through Youth Employability leadership group.

(i) Bridge to Employment: Funded through "Ethicon in the Community" this programme encouraged young people at school to consider a career in Healthcare.

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Notes to financial statements for the year ended 31 May 2008

19 Designated Funds

	At 1 June 2007 £	Incoming Resources £	Outgoing Resources £	At 31 May 2008 £
Benefactor Fund	57,573	-	5,578	51,995
Johnson & Johnson funding	27,867	-	6,232	21,635
	<u>85,440</u>	<u>-</u>	<u>11,810</u>	<u>73,630</u>

£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 (£30,360) 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	31,179	-	-	31,179
Net current assets	<u>49,183</u>	<u>73,630</u>	<u>402,042</u>	<u>524,855</u>
	<u>80,362</u>	<u>73,630</u>	<u>402,042</u>	<u>556,034</u>