



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

**Annual Report**

**For the year ended 31 May 2012**

**Registered Number: SC80355**  
**Charity Number: SC007195**

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

## **Directors' report for the year ended 31 May 2012**

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

## **Directors' report for the year ended 31 May 2012**

Directors and advisors for the year ended 31 May 2012

### **Directors**

Brendan Dick (Chairman)  
Janet Hamblin (Vice Chair)  
Marcia Campbell  
Tom Campbell  
Robert Carr  
Peter Taylor OBE (resigned 19 April 12)  
Michelle Hynd  
Willie Printie  
Linda Hanna  
Susan Elston  
Mary McAllan (resigned 18 Feb 12)  
Fiona Gibson  
Jim McCormick (joined 04 Oct 2011)  
Laura McBride (joined 23 Dec 2011)

### **President**

HRH The Prince Charles, Duke of Rothesay

### **Chief Executive**

Jane Wood

### **Registered Address**

Livingstone House  
43A Discovery Terrace  
Herriot Watt University Research Park  
Edinburgh  
EH14 4AP

### **Auditor**

PKF (UK) LLP  
CityPoint, 65 Haymarket Terrace  
Edinburgh  
EH12 5HD

### **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 2012**

### **Structure, Governance and Management**

Scottish Business in the Community is a charitable company limited by guarantee, incorporated on 11<sup>th</sup> October 1982 and originally registered as a charity on 26<sup>th</sup> 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 2012 there were 80 guarantors in the register of members.

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

The Articles and Memorandum of Scottish Business in the Community were revised and ratified at SBC's AGM on 4 October 2011. The key change made was to restrict the time that a Board Member could serve to a maximum of 2 terms of 3 years. Minor changes to the objects of SBC were made to reflect current activities; and it is now optional to hold a formal statutory AGM each year. No AGM is being held during 2012.

### **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 at Meetings of the Remuneration & Nominations Sub Committee of the Board they are then proposed, seconded and agreed at regular quarterly board meetings. Board members shall hold office for a term lasting 3 years and after this first term they shall be eligible for re-election for a second term of 3 years, the maximum they can serve is 2 terms (6 years). At the end of term one the board director will either step down or stand for re-election for a 2<sup>nd</sup> term and if they are reappointed this will be ratified by SBC Members either voting in person or by proxy at an Annual General Meeting or by a postal vote.

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 the operations of SBC is provided through a visit to SBC's Edinburgh office, presentations by SBC team members at Board meetings, as well as by director involvement in leadership groups and Board sub committees. Board directors are also invited to attend a Prince's Charities Induction session held at Clarence House.

### **Organisational Structure**

SBC's head office, based in Edinburgh, comprises of a team of sixteen people with a further five 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, assisted by the Senior Management Team. 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, the Chairman, Vice Chair and Board sub committee members.

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### **Directors' report for the year ended 31 May 2012**

#### **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 who regularly review the finances at Board meetings and through the Risk Committee. This is particularly important as a significant proportion of the funds held are restricted. In addition, regarding general reserves, the Board has set an initial target to build unrestricted reserves to £50k which would cover salary costs for approximately 1 month, with a view to building this to a minimum of 6 months gross operating costs (£600k).

The Board are also committed to ensuring that effective control and monitoring procedures are continuously maintained.

#### **Financial Review**

The financial year 2011/12 has been a challenging year for SBC. Overall our total income has reduced by 4%; spend has been kept to a minimum and only increased by 3% due to inflationary pressures. We have had reduced income from grants and trusts which reflects the pressure on the public sector purse which will continue for the foreseeable future. This has been partly offset by increased membership fee income and also we received a £42k donation from the Perth races event hosted by HRH Prince Charles, The Duke of Rothesay.

The restricted reserves close at £272k which primarily represents funds held to complete the SSE Windfarm project, the Healthy Working Lives initiative. Both of these projects are anticipated to complete in 12/13. Other ongoing restricted projects are based on annual grants and trusts and so have only minor balances at year end.

The unrestricted reserves close at (£7k) which is a challenging start to 12/13. The surplus made on unrestricted projects for 11/12 was £12k which was a significant improvement to the previous years deficit of £30k. To ensure this positive trend continues in 12/13 there has been a restructuring within SBC which has resulted in staff savings from unfilled vacancies. Each project has been examined to ensure costs of delivery are clear and where necessary steps taken to remodel delivery to meet the funding on offer. This will continue to be a tight financial year and as the funding situation develops the Board will need to continually monitor the overall trends and take any further steps to match the funding opportunities.

#### **Risk Management**

The Finance and Risk Committee meets quarterly to manage the strategic risks of SBC. The Committee has established the major risks, to which the charity is exposed, as identified by the Board Directors and these risks have been reviewed and systems have been established to mitigate them. These risks and emerging risks are monitored and reviewed regularly by the Senior Management Team with a quarterly review by the Board. Significant risks identified and being managed through the Finance and Risk Committee include IT failure, the inability to make the budgeted surplus due to grant funding reductions, lessening of membership, the inability to deliver our commitments due to senior staff leaving, leading to loss of key skills and potential risks that might arise due to possible impacts from changes in our working relationship with BITC which is currently under discussion.

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

## **Directors' report for the year ended 31 May 2012**

### **Mission Statement**

Scottish Business in the Community's Mission is "Better Business for a Better Scotland". This is based on our Vision for businesses, of all sizes and in all sectors, to operate more sustainably and responsibly, to improve the economic, social and environmental outcomes for Scotland.

SBC, as an independent not for profit organisation working with Members and partners in all sectors, is uniquely placed to add value to the development and success of Scotland. SBC's roles as expert advisor and independent broker are increasingly important, as we work collaboratively with stakeholders to drive change.

### **Our Values Statement**

We will lead the way in responsible and sustainable business practice in Scotland, and inspire and support individuals, businesses and organisations to fulfil their potential. We act with leadership, integrity, enthusiasm and collaboratively to deliver our objectives.

### **SBC Plans for 2012-13 and beyond**

SBC aims to continue growing our membership base, with particular emphasis on building Hubs throughout Scotland to facilitate SMEs to work together, strengthen relationships with our corporate members and benefit the local communities they are based in.

SBC are looking to grow income through targeting training and consultancy opportunities and developing the use of tools such as the Ecotown which is designed to help staff within member and non-member organisations to better understand how they can contribute to the environmental aims of their business.

The SBC Board are currently reviewing our working relationship with BITC, with a view to ensuring that our existing and potential members in Scotland are best served by whatever the final outcome of these talks are.

### **Membership Services**

The membership during 11/12 was 51 Full members (2010/11 - 46) and 32 (2010/11 -27) other members with subscription income growing by 13% during the year.

During last year, SBC in partnership with the Scottish Government and Scottish Enterprise, started to engage SMEs in applying sustainable business principles, improving their competitiveness and profitability, operating more responsibly and contributing to reduction of emissions. Funding from the Scottish Government was to focus development on engaging SMEs in tackling poverty through the employability and skills agenda.

The project has delivered to and exceeded both partners milestones and successfully raised awareness of sustainable business practices in over 300 SMEs and engaged over 60 SMEs in the Tackling Poverty agenda. SMEs engage in the sustainable business agenda for a number of reasons including: identification of good practice, support with auditing, communicating activity, procurement practices, resilience and survival not just growth.

SME workshops were held in Edinburgh, Glasgow, Inverness, Dundee and the Borders and 2 new awards were introduced at SBC's 30<sup>th</sup> Anniversary Gala Dinner: SME Tackling Poverty Award and Social Enterprise Tackling Poverty Award.

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## **Directors' report for the year ended 31 May 2012**

An example of the positive feedback we have received is quoted here:

"Working with SBC has changed the way in which our business is managed. The team at SBC have supported us in many ways helping with planning our business strategy, identifying business opportunities and raising our company profile within our industry sector. This support has undoubtedly allowed us to transform our core business, assisting with our continual growth and achievement in becoming a more sustainable business. By opening our minds to Corporate Social Responsibility, the team at SBC has given us a fresh outlook on what CSR can mean to a company like ours. Embracing CSR and involving our staff, has managed to transform many of our core business processes and strategy, targeted now at the long term future and sustainability of our company." Intelligent Storage Solutions Ltd. SBC's SME Newcomer of the Year 2012

SBC's SME membership level has steadily grown throughout the period with 6 new businesses becoming members.

### Seeing is Believing Visit

The 'Seeing is Believing' visit on the 9<sup>th</sup> of May 2012 gave senior business people an insight into the issues facing some of the most disadvantaged communities and encouraged them to consider how business can respond. In the presence of HRH Prince Charles, The Duke of Rothesay, president of SBC, 13 businesses visited the Craigroyston Community High School in Edinburgh.

The aim of the visit was to ensure that corporate responsibility is recognised as an integral part of successful business behaviour, and remains so with the next generation of business leaders. The objective of the visit was for business leaders to understand what practical action they can take to help improve disadvantaged communities and to commit to action within the company that will improve the way in which it impacts on society. Follow up meetings have been arranged after the visit to ensure action and engagement is undertaken.

In line with the SBC and City of Edinburgh (CEC) partnership working on the Edinburgh Guarantee and the work of the SBC North Edinburgh Business Network Group who are working in partnership with Craigroyston Community High School, this visit would showcase a collaborative approach to increasing employment opportunities for young people.

The SBC members who supported this programme were Lloyds TSB, Statestreet, Pinsent Masons, Michael Page Recruitment, McGrigors, Scottish Gas and Lothian Buses.

### Awards for Excellence

SBC continues to support the annual UK Awards for Excellence programme and run SBC's own Scottish Awards programme. SBC train Scotland's business organisations to how to create award winning entries through Awards workshops and one-to-one Member support. In 2012, there were 5 new Big Tick winning entries:

- British Land
- John Lewis Partnership
- The Crown Estate
- Scot Rail
- Heineken in the UK

In addition 2 Member companies – Rabbits Trail Burners & Scottish Power - re-accredited their previous year's BigTick winning entries. These winners demonstrate exemplary responsible business practice encompassing support for young people to raise their educational attainments & work aspirations, the creation & development of an ethical supply chain and a

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## **Directors' report for the year ended 31 May 2012**

strategic commitment to climate change. This year, the SBC Awards recognised 7 organisations for their excellence in responsible business practice in Scotland:

- Amey in Scotland
- Rabbits Trail Burners
- Clydesdale Bank
- Lothian Buses
- The Caves Edinburgh
- Cyrenians
- Intelligent Storage Solutions Ltd (ISS).

These winners were presented with their awards by HRH, the Duke of Rothesay, at SBC's 30th anniversary dinner.

### **30<sup>th</sup> Annual Dinner**

SBC held their 30<sup>th</sup> Annual Dinner which was hosted by HRH The Duke of Rothesay in the National Museum of Scotland. This networking event attended by 408 guests from the business community was very well received by all attendees with excellent food and entertainment.

The HRH Ambassador of the Year was announced at the dinner and is Frank Blin, recently retired Executive Chairman of PwC. Mr Blin follows in the footsteps of many senior influencers in Scotland's Business Community, like Lady Susan Rice, Sandy Crombie and a key public sector figure Sue Bruce. The role will align with the launch of the SBC SME Membership offer and Hub Network - engaging SMEs in responsible and sustainable business practice, and positioning this as vital for SMEs and Scotland success.

Special thanks are due to the following who contributed by sponsoring the event and/or contributing a raffle prize.

Scottish and Southern Energy; Scottish Gas; Scottish Government – Tackling Poverty ; Diageo; ABP UK; North Highland Initiative; Amazing retreats; Glenmorangie; Trump International Golf Links; Wild Thyme; DC Thomson

### **Employability and Education**

SBC's Employability and Education Programmes continue to assist businesses to volunteer with young people or unemployed adults, to improve their skills and confidence in order to better prepare them to start and sustain jobs. These programmes are progressed with local government and other key partners over a wide range of Scotland.

#### **Glasgow**

The number of young people supported was 1,609

The number of businesses involved was 44

The number of business days was approximately 171

(A business day is counted as 1 business employee volunteering 1 day to participate at an event with the young people being supported)

#### **Edinburgh**

15 young people were placed into jobs between July 2011 and May 2012 through the Edinburgh Guarantee

A total of 120 mentoring relationships were created and supported throughout the period

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12 SMEs were supported to become more deeply engaged with employability activities, and supported 3 unemployed people into work  
Through the Skills for Sustainable Communities Programme supported by BAA Edinburgh, 5 young people out of 38 participants found work.

### Highland

New SME engagement target:- 7 - 8 businesses – 12 businesses actually engaged  
Inverness High School Mentoring – 4 businesses engaged with the project  
22 businesses actively engaged with SBC on employability work

### Central

90 3<sup>rd</sup> Sector workers participated in capacity building workshops  
3 SBC Member Companies delivered the workshops to the 3<sup>rd</sup> sector  
40 young people took part in the employability programme and completed it  
SBC developed an employability programme for 10 young people with Special Needs  
Development of a Business Class partnership to deliver 3 year strategic engagement in schools

### Grampian

10 mentors trained and matched with school pupils  
Relationships developed between 3 schools and businesses  
3 Team Challenges delivered – a Team Challenge is typically a group of employees from one workplace working together on a community based activity which provides staff development for those involved and community benefit relating to the specific activity e.g. renovation of a play park.

### Fife

20 Business Mentors trained

### East Lothian

2 Business Advisory Groups set up  
30 mentors trained and matched with young people

### Ready for Work

40 clients completed the programme with 6 businesses  
13 clients got jobs as a result of their involvement with the programme

### Gordonbush Windfarm Community Benefit

20 organisations worked with and advised  
9 applications received for the Community Benefit fund  
5 applications submitted to other funding sources

## **Environment**

SBC's environment support and activities engage businesses, helping them take action and get business benefit from low carbon economic growth.

A partnership with the Scottish Government to raise awareness and articulate the business case supports collaborative partnership working between SBC Members, public sector and environmental organisations, to provide practical support, tools and signposting services in the move to a low carbon economy.

Key highlights over the past year include:

Results from Carbon Masters programme, run with Carbon Trust and the Universities of Edinburgh, Strathclyde and St Andrews, thus far indicate that SMEs participating in the project this

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past year identified carbon savings of nearly 8,000 tonnes of CO<sub>2</sub>e, equating to a potential cost saving of more than £700,000.

The Envirowheel is now listed on nearly 20 external websites, and has had over 3,500 unique users providing simple communication and signposting to SMEs across Scotland.

With EcoTown, SBC engaged with thousands of employees in member companies, supporting employee engagement on key areas of environmental sustainability. 82% of respondents to our surveys have said that Ecotown had improved their environmental knowledge with between 51% - 62% of staff saying that their knowledge had improved to a 'good' or 'excellent' extent. Added to that 99% of respondents indicated that they would recommend Ecotown to their colleagues and would encourage their employer to make future bookings.

Subscribers to the Mayday Newsletter have continued to increase with a total readership of almost 800, more than a 150% increase in the last 2 years. This creates a good platform for the launch of a broader SBC newsletter in the coming months. In the last 12 months overall visits to the website have increased by more than 45% with unique (new) visitors increasing by more than 50%. This was an important part of our funding for Scottish Government.

Young people from across Scotland gathered recently at the Glasgow Science Centre for a prize giving ceremony as part of a national creative competition highlighting young people's hopes and aspirations for Scotland's future. The Scotland 2050 Competition, run by SBC with member the Scottish Qualifications Authority (SQA), encouraged pupils to submit scientific projects, art-work, posters and multi-media displays illustrating their visions for Scotland in the year 2050. The intention of this project was to inspire young people to create a sustainable future that we can then all work towards achieving.

SBC 'Skills for a Low Carbon Economy' programme engaged over 600 pupils from 7 schools, where they worked with more than 20 businesses to better understand the skills that will be needed as we transition to a low carbon economy.

In August 2011 the Start Living Eco Zone, a joint project with SBC member SSE, closed following a year of trading in the St James Shopping Centre, Edinburgh. The central focus of Start Living was the 'Pledge Tree', a simple and iconic symbol of how individual shoppers can respond and do something positive about the issues on environmental sustainability. Through the Start Living Eco Zone we have had the opportunity to speak directly with more than 4,000 consumers promoting the actions they can take around energy, transport and food and highlighting the positive implications of behaviour change and living in a low carbon economy.

SBC delivered a large number of talks and seminars on environmental sustainability to businesses, business representative groups and universities, using these forums to reach hundreds more businesses on the economic benefits of engaging in environmental sustainability.

Jane Wood, CEO of Scottish Business in the Community, sits on Scotland's 2020 Climate Group where she co chairs the Business engagement Sub Group. SBC also hold a number of positions on the 2020 climate Sub Groups. In June 2011 SBC facilitated a working session with the co-chairs of Scotland's 2020 Climate Group sub groups, key government figures and HRH The Duke of Rothesay to identify key drivers of the change required to ensure the success of Scotland's ambitious climate change targets.

### **Volunteering**

SBC's professional volunteer brokerage and management service is delivered through the Cares brand, with the aim of the development and growth of employee volunteering.

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Cares continues to attract the support of Member companies and remains a key selling point for new memberships.

SBC offer the widest range of volunteering opportunities for businesses in Scotland, who this year looked for a greater level of support and event management. SBC have helped several social enterprise delivery partners develop and become part of the programme delivery, allowing SBC to offer a huge range of expertise.

Cares continues to grow and develop, with major success this past year being in the winning of a major contract in partnership with BiTC to deliver Employer Supported Volunteering opportunities for a large UK wide member. The range of impact which the programme can now deliver has been extended further to ensure longer term support for benefactors, and a lasting legacy for the volunteers and companies involved. SBC have developed a number of long term projects to provide education infrastructure for several schools and community spaces which SBC member companies are working collaboratively to complete and maintain. This collaborative approach, coordinated by SBC, builds the capacity for communities to absorb and benefit from the large numbers of volunteers we now work with. The success of this approach demonstrates that the model developed by SBC to deliver ESV programmes is not only of great relevance to community groups, but of real value to member companies.

Cares placed over 2000 volunteers in 2011/12, supporting dozens of community groups across Scotland, we expect this number to reach 3000 next year.

### **Consultancy and Training Services**

SBC offers a range of activities to support organisations to develop and deliver responsible and sustainable business practices. This includes strategic support to integrate policy in businesses of all sizes, to courses on Corporate Social Responsibility and sustainability for all levels in the business. Through Member account management and support SBC is supporting more sustainable and successful business in Scotland through innovating in the areas of organisational development and business practices.

#### Training and Advisory Services

Scottish Business in the Community continues to work with its members to support the development of CSR from both strategic and operational approaches.

SBC Member Forums were launched last year, providing key contacts the opportunity to learn, network and share with peers from SBC member companies. Forums range in topics from Health and Wellbeing to Employee supported Volunteering, and will continue to provide a key learning opportunity for SBC members in the coming year.

SBC has also continued to deliver training and facilitated sessions for CSR Champions and Senior managers in Scotland, working with these managers to build, incorporate and roll out CSR strategies within their organizations. More than 90% of the feedback from these rates these courses as either 'very good' or 'excellent', a tribute to the experience and learning that SBC is able to share between our member companies.

### **Gift 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, West Lothian Council, City of Edinburgh Council, Aberdeen Council, Glasgow City Council, Fife Council, East Lothian Council, Scottish and Southern Energy, Access to Industry, Clarence House and Business in the Community. This funding has been vital in the development of SBC's programmes and special projects.

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## **Directors' report for the year ended 31 May 2012**

Gift In kind support for SBC's administration and operating costs was received during the year and included major contributions of:-

Accommodation and use of facilities from Edinburgh City Council and West Lothian Council

Legal advice from Brodies Solicitors.

IT services from Salesforce

IT admin and strategic support seconded from British Telecom

Gift In Kind support was also provided from Scottish Gas, Anderson Strathern, Mactaggart & Mickel, Statestreet, Standard Life, McGrigors LLP(now Pinsent Masons), Glasgow Council, Telford College, Craigroyston Community Use High School, North Edinburgh Childcare and Western General Hospital.

And many thanks for the ongoing support of our entire group of SBC Member companies who kindly give their time and resources for our efforts to promote sustainable business 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.

**Scottish Business in the Community**  
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**Directors' report for the year ended 31 May 2012**

**Basis of preparation**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to Small Companies.

Approved by the board and signed on its behalf by

*Brendan S. Dick*

*7th February 2013*

Brendan Dick  
Chairman

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

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the directors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including its income and expenditure, of the charity for the year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 adequate and proper accounting records that are sufficient to show and explain the charity's transactions and 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) the requirements of the Companies Act 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.

# **Scottish Business in the Community**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF SCOTTISH BUSINESS IN THE COMMUNITY**

We have audited the financial statements of Scottish Business in the Community for the year ended 31 May 2012 which comprise the statement of financial activities (incorporating the income and expenditure account), the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the charity's directors, as a body, in accordance with regulations made under section 44 of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's members and directors those matters we are required to state to them in an auditor's 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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities, the directors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 May 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where regulations made under the Charities and Trustee Investment (Scotland) Act 2005 and where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept in respect of the charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements do not accord with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.



8 February 2013

**Martin Gill** (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditor

PKF (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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 2012**

|                                                | Notes    | Restricted<br>Funds<br>£ | Unrestricted<br>Funds<br>General<br>£ | Total<br>2012<br>£ | Total<br>2011<br>£ |
|------------------------------------------------|----------|--------------------------|---------------------------------------|--------------------|--------------------|
| <b>Incoming resources</b>                      |          |                          |                                       |                    |                    |
| Incoming resources from generated funds        |          |                          |                                       |                    |                    |
| Voluntary income                               | 5        | -                        | 89,770                                | 89,770             | 75,777             |
| Investment income                              |          | -                        | 1,847                                 | 1,847              | 270                |
| Incoming resources from charitable activities  |          |                          |                                       |                    |                    |
| Supporting, brokering and challenging          | 2        | 271,584                  | 873,391                               | 1,144,975          | 1,214,873          |
| <b>Total incoming resources</b>                |          | <b>271,584</b>           | <b>965,008</b>                        | <b>1,236,592</b>   | <b>1,290,920</b>   |
| <b>Resources expended</b>                      |          |                          |                                       |                    |                    |
| Costs of generating funds                      |          |                          |                                       |                    |                    |
| Cost of generating voluntary income            | 5        | -                        | 89,770                                | 89,770             | 75,777             |
| Charitable activities                          |          |                          |                                       |                    |                    |
| Supporting, brokering and challenging          | 5        | 339,183                  | 838,171                               | 1,177,354          | 1,156,495          |
| Governance Costs                               | 5        | -                        | 24,932                                | 24,932             | 26,981             |
| <b>Total resources expended</b>                |          | <b>339,183</b>           | <b>952,873</b>                        | <b>1,292,056</b>   | <b>1,259,253</b>   |
| <b>Net (expenditure) / income for the year</b> | 6        | <b>(67,599)</b>          | <b>12,135</b>                         | <b>(55,464)</b>    | <b>31,667</b>      |
| <b>Transfers</b>                               | 16       | -                        | -                                     | -                  | -                  |
| <b>Net movement in funds</b>                   |          | <b>(67,599)</b>          | <b>12,135</b>                         | <b>(55,464)</b>    | <b>31,667</b>      |
| Funds brought forward at 1 June 2011           |          | 340,041                  | (19,004)                              | 321,037            | 289,370            |
| <b>Funds at 31 May 2012</b>                    | 15,16,17 | <b>272,442</b>           | <b>(6,869)</b>                        | <b>265,573</b>     | <b>321,037</b>     |

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.

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

**Balance Sheet as at 31 May 2012**

|                                                        | Notes | 2012<br>£        | 2011<br>£        |
|--------------------------------------------------------|-------|------------------|------------------|
| <b>Fixed Assets</b>                                    |       |                  |                  |
| Tangible assets                                        | 8     | <u>6,480</u>     | <u>10,407</u>    |
| <b>Current Assets</b>                                  |       |                  |                  |
| Stock                                                  | 10    | 200              | 200              |
| Debtors                                                | 9     | 252,449          | 301,583          |
| Cash at bank and in hand                               |       | <u>326,276</u>   | <u>508,683</u>   |
|                                                        |       | 578,925          | 810,466          |
| <b>Creditors - amounts falling due within one year</b> | 11    | <u>(319,832)</u> | <u>(499,836)</u> |
| <b>Net current assets</b>                              |       | <u>259,093</u>   | <u>310,630</u>   |
| <b>Total assets less current liabilities</b>           |       | <u>265,573</u>   | <u>321,037</u>   |
| <b>Net assets</b>                                      |       | <u>265,573</u>   | <u>321,037</u>   |
| <b>Representing:</b>                                   |       |                  |                  |
| Unrestricted funds                                     |       | (6,869)          | (19,004)         |
| Restricted funds                                       |       | <u>272,442</u>   | <u>340,041</u>   |
|                                                        | 18    | <u>265,573</u>   | <u>321,037</u>   |

This report has been prepared in accordance with the special provision of Part 15 of the Companies Act 2006 relating to Small Companies and with Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 15 to 27 were approved and authorised for issue by the board and signed on its behalf on 7<sup>th</sup> February 2013 by: *Brendan S. Dick*

**Brendan Dick**  
**Chairman**

# **Scottish Business in the Community**

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

### **Notes to financial statements for the year ended 31 May 2012**

#### **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 April 2008).

##### **Going Concern**

At the year end a net unrestricted surplus of £12k (compare to deficit £30k 2010/11) has improved the unrestricted reserves level from (£19k) to (£7k). The balance sheet continues to show a healthy position with net current assets of £259k and net assets of £266k with £326k held in the bank at the year end. The Board have examined the budget for 12-13 which incorporates staff savings of over £60K and a further realistic growth of 4% for membership and less reliance on diminishing public funds. Overall the budget for 12-13 targets return to a surplus on unrestricted reserves of over £50k. The cashflow will need to be tightly managed in 12-13 and an overdraft facility of £25k has been arranged with the bank to help with this. The Board are therefore satisfied that these financial statements can be prepared on a going concern basis.

##### **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 as incoming resources and resources expended 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 (including central staffing costs) are allocated to the activity based on a percentage of gross costs incurred. Staffing direct costs are allocated based on timesheets apportioning staff time to the range of ongoing activities.

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

Governance costs are charged directly to the Statement of Financial Activities when incurred and consist of audit fees, meeting costs and applicable salary costs as detailed in Note 5 to these accounts.

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 £100 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:

|                                        |                            |
|----------------------------------------|----------------------------|
| Motor Vehicles                         | 25 % straight line         |
| Office fittings                        | 10% - 20% straight line    |
| Office equipment (including computers) | 20% - 33.33% straight line |

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

**Notes to financial statements for the year ended 31 May 2012**

**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 Companies Act 2006 and 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 Statement of Financial Activities.

**2 Incoming resources from charitable activities**

|                            | <b>Restricted<br/>Funds<br/>£</b> | <b>Unrestricted<br/>Funds<br/>General<br/>£</b> | <b>2012<br/>Total<br/>£</b> | <b>2011<br/>Total<br/>£</b> |
|----------------------------|-----------------------------------|-------------------------------------------------|-----------------------------|-----------------------------|
| Grants & Trusts            | 271,426                           | 217,742                                         | 489,168                     | 686,186                     |
| Subscriptions              | -                                 | 219,500                                         | 219,500                     | 186,181                     |
| Associated subscriptions   | -                                 | 35,271                                          | 35,271                      | 38,617                      |
| Fees for services          | 158                               | 102,264                                         | 102,422                     | 61,674                      |
| Sponsorship & Event income | -                                 | 237,052                                         | 237,052                     | 219,001                     |
| Other                      | -                                 | 61,562                                          | 61,562                      | 23,214                      |
|                            | <b>271,584</b>                    | <b>873,391</b>                                  | <b>1,144,975</b>            | <b>1,214,873</b>            |

**Scottish Business in the Community**  
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**Notes to financial statements for the year ended 31 May 2012**

**3 Resources expended**

**Charitable activities and governance costs**

Supporting, brokering and challenging costs

|                           | <b>Restricted</b> | <b>Unrestricted<br/>Funds</b> | <b>2012</b>      | <b>2011</b>      |
|---------------------------|-------------------|-------------------------------|------------------|------------------|
| Membership services       | -                 | 169,747                       | 169,747          | 245,953          |
| Events & Communications   | -                 | 220,733                       | 220,733          | 140,362          |
| Employability & Education | 240,941           | 275,975                       | 516,916          | 370,521          |
| Environmental projects    | 98,242            | 19,138                        | 117,380          | 196,036          |
| Volunteering              | -                 | 147,813                       | 147,813          | 139,822          |
| Consultancy & Training    | -                 | 29,697                        | 29,697           | 90,782           |
|                           | <b>339,183</b>    | <b>863,103</b>                | <b>1,202,286</b> | <b>1,183,476</b> |

Costs are allocated to the above activities by charging direct salaries and other costs to the activities and adding an overhead rate as a percentage of direct costs

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

**Notes to financial statements for the year ended 31 May 2012**

**3 Resources expended (continued)**

| <b>Charitable activities and governance cost</b> | <b>Restricted Funds<br/>£</b> | <b>Unrestricted Funds<br/>General<br/>£</b> | <b>2012<br/>Total<br/>£</b> | <b>2011<br/>Total<br/>£</b> |
|--------------------------------------------------|-------------------------------|---------------------------------------------|-----------------------------|-----------------------------|
| Salaries                                         | 216,760                       | 500,361                                     | 717,121                     | 691,786                     |
| Consultancy                                      | 33,775                        | 114,967                                     | 148,742                     | 129,724                     |
| Events                                           | 26,990                        | 97,256                                      | 124,246                     | 57,633                      |
| Travel and subsistence                           | 10,758                        | 33,133                                      | 43,891                      | 44,425                      |
| Property setup & running costs (Start Project)   | -                             | -                                           | -                           | 50,219                      |
| Team Challenge materials                         | -                             | 20,397                                      | 20,397                      | 29,524                      |
| Office services                                  | 9,728                         | 23,297                                      | 33,025                      | 26,684                      |
| Rent and rates                                   | 7,847                         | 28,513                                      | 36,360                      | 46,056                      |
| Printing and publicity                           | 25,013                        | 8,505                                       | 33,518                      | 29,502                      |
| Telephone                                        | 1,130                         | 7,850                                       | 8,980                       | 9,421                       |
| Other                                            | 6,406                         | 29,600                                      | 36,006                      | 55,153                      |
|                                                  | <b>338,407</b>                | <b>863,879</b>                              | <b>1,202,286</b>            | <b>1,170,127</b>            |

**Grants Payable**

|                                                                        | <b>Restricted Funds<br/>£</b> | <b>Unrestricted Funds<br/>General<br/>£</b> | <b>2012<br/>Total<br/>£</b> | <b>2011<br/>Total<br/>£</b> |
|------------------------------------------------------------------------|-------------------------------|---------------------------------------------|-----------------------------|-----------------------------|
| Glasgow Employment Coalition                                           | -                             | -                                           | -                           | 6,125                       |
| Angus Council                                                          | -                             | -                                           | -                           | 4,816                       |
| Skills Development Scotland                                            | -                             | -                                           | -                           | 2,408                       |
|                                                                        | -                             | -                                           | -                           | 13,349                      |
| <b>Total charitable and governance costs for the year to 31 May 12</b> | <b>338,407</b>                | <b>863,879</b>                              | <b>1,202,286</b>            | <b>1,183,476</b>            |

**4 Corporation tax**

The company acquired charitable status with effect from 26 December 1988 and is therefore exempt from taxation on its charitable activities under section 505, Income and Corporation Taxes Act 2010.

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

**Notes to financial statements for the year ended 31 May 2012**

**5 Total Resources Expended**

|                                                 | <b>Basis<br/>Of<br/>Allocation</b> | <b>Charitable<br/>Activities<br/>2012<br/>£</b> | <b>Governance<br/>Costs<br/>2012<br/>£</b> | <b>Total<br/>2012<br/>£</b> | <b>Charitable<br/>Activities<br/>2011<br/>£</b> | <b>Governance<br/>Costs<br/>2011<br/>£</b> | <b>Total<br/>2011<br/>£</b> |
|-------------------------------------------------|------------------------------------|-------------------------------------------------|--------------------------------------------|-----------------------------|-------------------------------------------------|--------------------------------------------|-----------------------------|
| <b>Costs directly allocated to activities</b>   |                                    |                                                 |                                            |                             |                                                 |                                            |                             |
| Salaries                                        | Direct                             | 612,387                                         | 11,467                                     | 623,854                     | 582,814                                         | 19,988                                     | 602,802                     |
| Consultancy fees                                | Direct                             | 145,499                                         | -                                          | 145,499                     | 117,913                                         | -                                          | 117,913                     |
| Events and programme purchase                   | Direct                             | 123,137                                         | -                                          | 123,137                     | 57,633                                          | -                                          | 57,633                      |
| Travel & subsistence                            | Direct                             | 34,138                                          | -                                          | 34,138                      | 40,115                                          | -                                          | 40,115                      |
| Property setup & running costs                  | Direct                             | -                                               | -                                          | -                           | 50,219                                          | -                                          | 50,219                      |
| Team Challenge materials                        | Direct                             | 20,397                                          | -                                          | 20,397                      | 29,524                                          | -                                          | 29,524                      |
| Office services                                 | Direct                             | 5,987                                           | -                                          | 5,987                       | 7,823                                           | -                                          | 7,823                       |
| Printing and publicity                          | Direct                             | 30,630                                          | -                                          | 30,630                      | 28,311                                          | -                                          | 28,311                      |
| Telephone                                       | Direct                             | 4,373                                           | -                                          | 4,373                       | 5,575                                           | -                                          | 5,575                       |
| Depreciation                                    | Direct                             | 1,893                                           | -                                          | 1,893                       | -                                               | -                                          | -                           |
| Subscriptions                                   | Direct                             | 5,417                                           | -                                          | 5,417                       | -                                               | -                                          | -                           |
| Other                                           | Direct                             | 2,771                                           | 244                                        | 3,015                       | 11,080                                          | -                                          | 11,080                      |
| Grants paid                                     | Direct                             | -                                               | -                                          | -                           | 13,349                                          | -                                          | 13,349                      |
| <b>Sub Total</b>                                |                                    | <b>986,629</b>                                  | <b>11,711</b>                              | <b>998,340</b>              | <b>944,356</b>                                  | <b>19,988</b>                              | <b>964,344</b>              |
| <b>Support costs</b>                            |                                    |                                                 |                                            |                             |                                                 |                                            |                             |
| <b>Allocated to activities</b>                  |                                    |                                                 |                                            |                             |                                                 |                                            |                             |
| Salaries                                        | Pro Rata                           | 84,890                                          | 8,376                                      | 93,266                      | 88,984                                          | -                                          | 88,984                      |
| Consultancy fees                                | Pro Rata                           | 3,243                                           | -                                          | 3,243                       | 11,811                                          | -                                          | 11,811                      |
| Events and programme purchase                   | Pro Rata                           | 1,108                                           | -                                          | 1,108                       | -                                               | -                                          | -                           |
| Travel & subsistence                            | Pro Rata                           | 9,754                                           | -                                          | 9,754                       | 4,310                                           | -                                          | 4,310                       |
| Office services                                 | Pro Rata                           | 27,039                                          | -                                          | 27,039                      | 18,861                                          | -                                          | 18,861                      |
| Rent & rates                                    | Pro Rata                           | 36,360                                          | -                                          | 36,360                      | 46,056                                          | -                                          | 46,056                      |
| Printing and publicity                          | Pro Rata                           | 2,888                                           | -                                          | 2,888                       | 1,191                                           | -                                          | 1,191                       |
| Telephone                                       | Pro Rata                           | 4,608                                           | -                                          | 4,608                       | 3,846                                           | -                                          | 3,846                       |
| Audit                                           | Pro Rata                           | -                                               | 4,845                                      | 4,845                       | -                                               | 6,600                                      | 6,600                       |
| Depreciation                                    | Pro Rata                           | 2,746                                           | -                                          | 2,746                       | -                                               | -                                          | -                           |
| Subscriptions                                   | Pro Rata                           | 1,624                                           | -                                          | 1,624                       | -                                               | -                                          | -                           |
| Other                                           | Pro Rata                           | 16,465                                          | -                                          | 16,465                      | 37,079                                          | 393                                        | 37,472                      |
|                                                 |                                    | <b>190,725</b>                                  | <b>13,221</b>                              | <b>203,946</b>              | <b>212,138</b>                                  | <b>6,993</b>                               | <b>219,132</b>              |
| <b>Total Activity and Support Costs</b>         |                                    | <b>1,177,354</b>                                | <b>24,932</b>                              | <b>1,202,286</b>            | <b>1,156,494</b>                                | <b>26,981</b>                              | <b>1,183,476</b>            |
| <b>In Kind Support - Income and expenditure</b> |                                    |                                                 |                                            |                             |                                                 |                                            |                             |
| Accommodation and admin support                 |                                    | 26,470                                          | -                                          | 26,470                      | 18,050                                          | -                                          | 18,050                      |
| Professional Services                           |                                    | 47,000                                          | 16,300                                     | 63,300                      | -                                               | 57,727                                     | 57,727                      |
|                                                 |                                    | <b>73,470</b>                                   | <b>16,300</b>                              | <b>89,770</b>               | <b>18,050</b>                                   | <b>57,727</b>                              | <b>75,777</b>               |
| <b>Total Resources Expended</b>                 |                                    | <b>1,250,824</b>                                | <b>41,232</b>                              | <b>1,292,056</b>            | <b>1,174,544</b>                                | <b>84,708</b>                              | <b>1,259,253</b>            |

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

**Notes to financial statements for the year ended 31 May 2012**

**6 Net Outgoing Resource**

The net outgoing resource is stated after charging

|                                                          | 2012   | 2011   |
|----------------------------------------------------------|--------|--------|
|                                                          | £      | £      |
| Rental of office at Heriot Watt University Research Park | 33,187 | 43,078 |
| Depreciation of fixed assets                             | 4,639  | 8,112  |
| Audit Fee                                                | 4,845  | 6,600  |

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:

|                    | 2012<br>Number | 2011<br>Number |
|--------------------|----------------|----------------|
| Programme managers | 10             | 13             |
| Administration     | 11             | 10             |
|                    | <u>21</u>      | <u>23</u>      |

|                                             | 2012<br>£      | 2011<br>£      |
|---------------------------------------------|----------------|----------------|
| Company employment costs                    |                |                |
| Gross wages                                 | 637,187        | 621,859        |
| Employer's national insurance contributions | 47,920         | 50,131         |
| Pension contributions (a)                   | 32,014         | 19,796         |
|                                             | <u>717,121</u> | <u>691,786</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 £32,014 (2011: £19,796). There was an increase due to efforts made to encourage more staff to join the scheme.
- (b) No remuneration or expenses are paid to directors.
- (c) There is one employee earning between £60,000- £70,000 (2011: one)

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**Notes to financial statements for the year ended 31 May 2012**

**8 Fixed assets**

|                                          | <b>Motor<br/>Vehicles<br/>£</b> | <b>Office<br/>Equipment<br/>£</b> | <b>Office<br/>Fittings<br/>£</b> | <b>Total<br/>£</b> |
|------------------------------------------|---------------------------------|-----------------------------------|----------------------------------|--------------------|
| <b>Cost</b>                              |                                 |                                   |                                  |                    |
| At 31 May 2011                           | 6,014                           | 59,257                            | 44,956                           | 110,227            |
| Additions                                | -                               | 554                               | 158                              | 712                |
| <b>At 31 May 2012</b>                    | <b>6,014</b>                    | <b>59,811</b>                     | <b>45,114</b>                    | <b>110,939</b>     |
| <b>Depreciation</b>                      |                                 |                                   |                                  |                    |
| At 31 May 2011                           | 376                             | 57,882                            | 41,562                           | 99,820             |
| Charge for year                          | 1503                            | 815                               | 2,321                            | 4,639              |
| <b>At 31 May 2012</b>                    | <b>1,879</b>                    | <b>58,697</b>                     | <b>43,883</b>                    | <b>104,459</b>     |
| <b>Net book value<br/>At 31 May 2012</b> | <b>4,135</b>                    | <b>1,114</b>                      | <b>1,231</b>                     | <b>6,480</b>       |
| <b>Net book value<br/>At 31 May 2011</b> | <b>5,638</b>                    | <b>1,375</b>                      | <b>3,394</b>                     | <b>10,407</b>      |

**9 Debtors**

|                                      | <b>2012<br/>£</b> | <b>2011<br/>£</b> |
|--------------------------------------|-------------------|-------------------|
| Amounts falling due within one year: |                   |                   |
| Trade debtors                        | 189,072           | 216,935           |
| Sundry debtors                       | 25,030            | 1,583             |
| Prepayments and accrued income       | 38,347            | 83,065            |
|                                      | <b>252,449</b>    | <b>301,583</b>    |

**Scottish Business in the Community**  
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**Notes to financial statements for the year ended 31 May 2012**

**10 Stock**

|             | 2012<br>£  | 2011<br>£  |
|-------------|------------|------------|
| Consumables | <u>200</u> | <u>200</u> |

**11 Creditors**

|                                      | 2012<br>£      | 2011<br>£      |
|--------------------------------------|----------------|----------------|
| Amounts falling due within one year: |                |                |
| Other taxation and social security   | 37,186         | 66,727         |
| Sundry creditors                     | 81,693         | 26,870         |
| Accruals                             | 9,245          | 5,500          |
| Deferred income (note 12)            | <u>191,708</u> | <u>400,739</u> |
|                                      | <u>319,832</u> | <u>499,836</u> |

**12 Deferred income**

|                                 | 2012<br>£      | 2011<br>£      |
|---------------------------------|----------------|----------------|
| Brought forward                 | 400,739        | 193,419        |
| Income released during the year | (400,739)      | (193,419)      |
| Income deferred during the year | <u>191,708</u> | <u>400,739</u> |
| Carried forward                 | <u>191,708</u> | <u>400,739</u> |

**13 Operating lease commitment**

The company is currently leasing the premises at Livingstone House, 43A Discovery Terrace, Heriot Watt University Research Park, Edinburgh EH14 4AP. The lease was renegotiated during this year and is due to expire 31 December 2016.

|                         | Buildings<br>2012<br>£ | Buildings<br>2011<br>£ |
|-------------------------|------------------------|------------------------|
| Due within one year     | -                      | 28,439                 |
| Due within 2 to 5 years | <u>21,660</u>          | <u>2,022</u>           |
|                         | <u>21,660</u>          | <u>30,461</u>          |

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

### Notes to financial statements for the year ended 31 May 2012

#### 14 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 £352,149 (2011: £685,706). Gifts in kind from such related parties totalled £1,265 (2011: £16,000). This was made up of £920 from Anderson Strathearn (Board member) and £345 from Lifescan (Board member) for use of facilities. During the year, SBC purchased services from Baker Tilly (Board member) to the value of £624 in respect of production of Management accounts and VAT advice (2011 £10,196). SBC purchased services from BT (Board Chair) to the value of £5,459 in relation to telephony costs, and purchased catering from Anderson Strathearn (Board member) to the value of £125 in relation to meetings held at their premises (venue hire being a gift in kind). Jane Wood (Chief Executive Officer of SBC) finished her Directorship of Retail Rocks by May 2012.

There were no outstanding sums due to related parties as at 31st May 2012, however there was £53,490 due from BITC as at 31st May 2012 which was mainly for Cares Income.

#### 15 Movement of Funds

|                               | Restricted<br>Funds | Unrestricted<br>Funds<br>General<br>£ | Total<br>£     |
|-------------------------------|---------------------|---------------------------------------|----------------|
| Opening balance               | 340,041             | (19,004)                              | 321,037        |
| Movement during year          | (67,599)            | 12,135                                | (55,464)       |
| Transfers (note 16/17)        | -                   | -                                     | -              |
| <b>Balance at 31 May 2012</b> | <b>272,442</b>      | <b>(6,869)</b>                        | <b>265,573</b> |

Following a significant transfer between restricted and unrestricted projects as part of last years annual accounts process no further transfers have been made this year.

#### 16 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.

**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 17 and 18 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 2012**

**17 Restricted funds**

|                           | Notes | At 1<br>June<br>2011<br>£ | Incoming<br>Resources<br>£ | Outgoing<br>Resources<br>£ | Inter-Fund<br>Transfers<br>£ | Transfer to/<br>from<br>Unrestricted<br>Funds<br>£ | At 31<br>May<br>2012<br>£ |
|---------------------------|-------|---------------------------|----------------------------|----------------------------|------------------------------|----------------------------------------------------|---------------------------|
| SME Initiatives           | (a)   | 2,647                     | 29,166                     | (30,426)                   | -                            | -                                                  | 1,387                     |
| Healthy Working Lives     | (b)   | 43,137                    | -                          | (26,611)                   | -                            | -                                                  | 16,526                    |
| Youth Employability       | (c)   | 755                       | (92)                       | (665)                      | -                            | -                                                  | (2)                       |
| North Highland Initiative | (d)   | 1,084                     | -                          | (1,062)                    | -                            | -                                                  | 22                        |
| Tackling Poverty          | (e)   | 10,111                    | 161,917                    | (169,354)                  | -                            | -                                                  | 2,674                     |
| Scotlands Got Talent      | (f)   | 12,887                    | -                          | (13,885)                   | -                            | -                                                  | (998)                     |
| Windfarm                  | (g)   | 250,000                   | -                          | -                          | -                            | -                                                  | 250,000                   |
| Climate Change            | (h)   | 19,420                    | 80,593                     | (97,180)                   | -                            | -                                                  | 2,833                     |
|                           |       | <u>340,041</u>            | <u>271,584</u>             | <u>(339,183)</u>           | <u>-</u>                     | <u>-</u>                                           | <u>272,442</u>            |

(a) **SME** - Funding was obtained from Scottish Enterprise to research and develop SME initiatives. Further development of a diagnostic tool is planned for 2012-13

(b) **Healthy Working Lives** - Grant funding was received from Scottish Centre for Healthy Working Lives (NHS) to help reduce inequality and improve nations health by encouraging and supporting businesses to engage with the employability agenda. This project is coming to completion for 12-13

(c) **Youth Employability** - Scottish Government funded programme engaging businesses in the employability agenda through Youth Employability leadership groups. This specific project has completed.

(d) **North Highland Initiative** - funding was received in previous year from Clarence House for rural community programme

(e) **Tackling Poverty** - funded by the Scottish Government- the project aims to reduce poverty by engaging and supporting SMEs

(f) **Scotland's Got Talent**: Funded through Healthy Working Lives, this fund was for the cost of delivering the Scotland's Got Talent Event as part of the SBC Healthy Working Lives Project.

(g) **Windfarm project** - funded by Scottish and Southern Energy the aim of the project is to distribute funds to community groups to deliver sustainable community benefit to the local areas surrounding the Gordonbush windfarm in Sutherland

(h) **Climate Change**: The climate change funding is a Scottish Government grant for the Prince's May Day network to support business in reducing their carbon footprint and their environmental impact. The programme will support the Scottish Government in helping meet targets on carbon emission reductions through engagement with Scottish Business.

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**Notes to financial statements for the year ended 31 May 2012**

**18 Analysis of net assets between funds**

|                                  | <b>General<br/>Fund<br/>£</b> | <b>Restricted<br/>Funds<br/>£</b> | <b>Total<br/>Funds<br/>£</b> |
|----------------------------------|-------------------------------|-----------------------------------|------------------------------|
| Tangible Fixed assets            | 6,480                         | -                                 | 6,480                        |
| Net current (liabilities)/assets | <u>(13,349)</u>               | <u>272,442</u>                    | <u>259,093</u>               |
|                                  | <u><b>(6,869)</b></u>         | <u><b>272,442</b></u>             | <u><b>265,573</b></u>        |