



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

Annual Report

For the year ended 31 May 2013

Registered Number: SC80355
Charity Number: SC007195

SATURDAY



S2N7D1BF

SCT

14/12/2013

#334

COMPANIES HOUSE

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

Directors' report for the year ended 31 May 2013

Directors and advisors for the year ended 31 May 2013

Directors

Brendan Dick (Chairman)
Janet Hamblin (Vice Chair)
Marcia Campbell (Resigned 7 September 2012)
Tom Campbell
Robert Carr
Michelle Hynd
Willie Printie
Linda Hanna
Susan Elston
Fiona Gibson
Jim McCormick
Laura McBride (Resigned 18 January 2013)

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

BDO LLP
CityPoint, 65 Haymarket Terrace
Edinburgh
EH12 5HD

Solicitors

Brodies Solicitors
15 Atholl Crescent
Edinburgh
EH3 8AH

Bankers

Bank of Scotland
Royal Mile Branch
Edinburgh
BX2 1LB

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

Directors' report for the year ended 31 May 2013

Structure, Governance and Management

Scottish Business in the Community is a charitable company limited by guarantee, incorporated on 11th October 1982 and originally registered as a charity on 26th 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.

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

During the year in conjunction with BiTC we considered with an independent consultant whether there might be benefits from a merger, in helping each charity meet its charitable objectives. The result of this review was that we agreed that the best way forward for the charities and our members was for us to focus on collaborative working where effective and efficient but to retain our separate identities, operational and governance arrangement. The cost to the charity of undertaking this review was £15k.

An AGM is scheduled to be held November 2013.

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 2nd 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 twelve 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

Scottish Business in the Community

(A company limited by guarantee)

Directors' report for the year ended 31 May 2013

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.

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 2012/13 has been a challenging year for SBC. Overall our total income has reduced by 21%; spend has been kept to a minimum and has been reduced in line by 23%. 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.

The restricted reserves close at £254k which primarily represents funds held to complete the SSE Windfarm project, and balances carried forward for the ongoing Welfare Reform and Education Fund projects. The SSE Windfarm project is anticipated to finish during 2013-14. Other ongoing restricted projects are based on annual grants and trusts and so have only minor balances at year end related to the timing of grant payments.

We opened 2012/13 with a deficit on our unrestricted reserves of £7K and we have managed to turn this round with an operating surplus of £14K to a positive reserve of £7K to start 2013/14 with. This position would have been significantly better if we had not had to bear the costs – unfunded – of the BiTC Merger talks which amounted to £15k. This has been highlighted in the accounts under the governance costs. With the ongoing financial recession SBC will continue to – monitor the – overall trends and take any further steps to match the funding opportunities.

Risk Management

The Finance and Risk Committee meets periodically 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 significant reliance on key staff members, 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 2013

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 2013-14 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 took the decision in February 2013 to not recommend a merger with our sister organisation BiTC, but to pursue closer collaboration, with a view to ensuring that our existing and potential members in Scotland are best served by this more joined up approach.

Membership Services

At the end of 12/13 there were 42 Full Members and 28 Other Members, with subscription income showing a slight drop of 3.5% compared to last year. In addition there were 17 SME members at the end of 12/13.

Responsible Business Awards (Formerly known as the Awards for Excellence)

SBC continues to support the annual Responsible Business Awards programme and run SBC's own Scottish Awards programme. SBC train Scotland's business organisations how to create award winning entries through Awards workshops and one-to-one Member support. In 2013, there were 3 new Big Tick winning entries from:

- Rabbits Trailburners – Dairy Crest Rural Action Award
- Scottish Power – Workplace Talent and Skills award
- Leapfrog Investments – Citi International Award

Scottish Business in the Community

(A company limited by guarantee)

Directors' report for the year ended 31 May 2013

In addition 4 Member companies – John Lewis Scotland, The Crown Estate, Scotrail and British Land- re-accredited their previous year's Big Tick winning entries. This year, the SBC Awards recognised 4 organisations for their excellence in responsible business practice in Scotland:

- BSKyB – Volunteering Company of the Year
- Shepherd and Wedderburn – Volunteering Team of the Year
- ASDA – Large Company of the Year, Individual Volunteer of the Year and Building Stronger Communities awards
- The Caves Edinburgh – SME of the Year

These winners were presented with their awards at SBC's celebration event on 6th June 2013 at the Caledonian (a Waldorf Astoria Hotel), Edinburgh.

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.

Central

- Over 30 Voluntary Sector Organisation and 103 employees participated in SBC's Voluntary Sector Development Programme
- 10 SBC Member Organisations engaged in Employee Volunteering Opportunities through our Training and Development
- 11 West Lothian Schools and over 40 pupils participated in Pre-employability Training
- Business Class provided opportunities for 5 SBC Member Organisations, 5 Schools, over 150 pupils and 43 volunteers to participate in our flagship Education Programme

Edinburgh

- 18 young people were placed into jobs between July 2012 and May 2013 through the Capital City Partnership
- One Job Campaign – Scotland wide targets/outcomes
- A total of 90 mentoring relationships were created and supported throughout the period
- 14 SMEs were supported to become more deeply engaged with employability activities

Glasgow

- 332 young people supported
- 26 businesses involved
- 97 young adults mentored (in partnership with Right Track)
- 145 business days (A business day is counted as 1 business employee volunteering 1 day to participate at an event with the young people being supported)

Grampian

- 10 mentors matched with school pupils
- Relationships developed with 2 schools and businesses
- 2 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.

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

Directors' report for the year ended 31 May 2013

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

Ready for Work

- 24 started programmes with support from 6 businesses (5 hosting work placements):
- 19 completed
- 10 went into work

Environment

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

SBC works in partnership with the Scottish Government, key environmental agencies and other environmental support bodies 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 past year identified carbon savings of nearly 8,000 tonnes of CO₂e, equating to a potential cost saving of more than £700,000.

The success of the Envirowheel continues, with SBC delivering a bespoke wheel to the Edinburgh Tourism Action Group (ETAG), as part of a consultancy project where businesses within the Tourism and Hospitality Sector are able to access case studies, information and support, as well as being signposted to the relevant delivery bodies in Scotland at the touch of a button.

Ecotown again SBC engaged with thousands of employees in member companies, supporting employee engagement on key areas of environmental sustainability. 99% of respondents indicated that they would recommend Ecotown to their colleagues and would encourage their employer to make future bookings. Companies benefitting from this included Scottish Gas, Wood Group, Centrica, FMC Technologies, Scottish Government, The City of Edinburgh Council and BT.

In 2013/2014 SBC, in partnership with Fitnut, will be taking Ecotown into a number of large multinational companies within the Oil and Gas sectors based in Aberdeen. 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. This included speaking at the launch of the 2013 Climate Week along with Paul Wheelhouse, Minister for Climate Change as well as at the Carbon Trust Annual Awards and the ICAEW Renewable Energy event which was chaired by Jane Wood.

SBC are a founding member of the Rio +20 Flourishing Scotland Group. This group hosted an event at the Scottish Parliament in the run up to the Rio +20 Conference on Sustainable

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

Directors' report for the year ended 31 May 2013

Development. This event was oversubscribed in less than 48 hours and featured a number of representatives from both SBC corporate membership (including BskyB, RBS, and BT) and SMEs drawn from the Mayday membership. Feedback from this was exceptional, and the group has been successful in securing a secondee from BT to identify opportunities in taking this initiative forward.

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 October SBC organised and delivered a major event on behalf of the 2020 Climate Group, "Chooseanotherway to Work". This work entailed the development of the Chooseanotherway.com website. SBC also hosted, this time on behalf of the Scottish Government an event on behaviour change in the workplace. SBC has also fed into the RRP2 (2nd draft of Climate Change report on Policies and Procedures) planning process.

SBC and publishers of The Beano, D.C. Thomson & Co. Ltd, launched a special edition of the UK's most loved comic designed to inform and engage young people in societal and environmental issues.

Sent to every single primary school pupil in Scotland, more than 370,000 young people, the free special edition of The Beano incorporated key themes that are central to creating a sustainable future for Scotland. Using the iconic and familiar characters of The Beano, the special edition comic has been designed to engage young people in a fun and exciting way incorporating the key themes that are central to creating a sustainable future for Scotland.

Fred's Bed, for example, transports him to a post-apocalyptic future motivating him to become more environmentally conscious to ensure that Scotland remains sustainable. The Bash Street Kids grow their own fruit and vegetables in a bid to avoid the school canteen and promote healthy eating.

Specifically linked to Scotland's Curriculum for Excellence, and supported by an informative teaching pack, the comic has been designed to allow teachers to highlight these messages using the publication as an educational resource further supporting the delivery of this important content. These areas are reiterated throughout the comic by recurring messages on employability skills and a quiz to test understanding of the messages.

Volunteering Management Services

SBC's professional volunteer brokerage and management service aims to broaden and development the growth of employee volunteering.

Our volunteering management services continue 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, in recent years have increasingly looked for a greater level of outsourcing 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. 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 many 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 employee volunteers taking part

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

Directors' report for the year ended 31 May 2013

across Scotland. The success of this approach demonstrates that the model developed by SBC to deliver Employee Volunteering is not only of great relevance to communities, but of real value to member companies.

SBC placed over 3000 volunteers in 2012/13, supporting dozens of community groups across Scotland.

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 continued 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 financial support received from: The Scottish Government, Scottish Enterprise, West Lothian Council, City of Edinburgh Council, Aberdeen Council, Glasgow City Council, Fife Council, Scottish and Southern Energy, BT, Asda, British Gas, Access to Industry, Statestreet CAF, Bank of Scotland, Clarence House and Business in the Community. This funding has been vital in the development of SBC's programmes and special projects.

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
Support from Brodies Solicitors.
IT services from Salesforce

Gift In Kind support was also provided from National Australia Bank, Lloyds, Scottish Water, Scottish Gas, Standard Life, SOPRA, The Caves, Jenny Britton Action Provocateurs, Anderson Strathern, Mactaggart & Mickel, PwC, Statestreet, Mitie and John Lewis.

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

Directors' report for the year ended 31 May 2013

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.

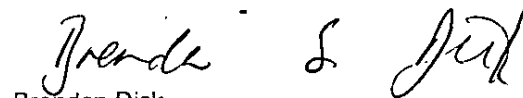
Auditors

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.

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 Dick
Chairman

29 November 2013

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

Directors' responsibilities for the year ended 31 May 2013

The Directors are responsible for preparing the Directors' annual report and the financial statements in accordance with applicable law and regulations. Company and charity law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, 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.

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

Scottish Business in the Community

(A company limited by guarantee)

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

We have audited the financial statements of Scottish Business in the Community for the year ended 31 May 2013 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 May 2013 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS OF SCOTTISH BUSINESS IN THE COMMUNITY (CONTINUED)

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 the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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' report¹.

BDO LLP

13 December 2013

Martin Gill (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Edinburgh, UK

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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

Statement of Financial Activities
(incorporating the Income and Expenditure Account)
for the year ended 31 May 2013

	Notes	Restricted Funds £	Unrestricted Funds General £	Total 2013 £	Total 2012 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	5	-	72,415	72,415	89,770
Investment income		-		-	1,847
Incoming resources from charitable activities					
Supporting, brokering and challenging	2	210,770	697,841	908,611	1,144,975
Total incoming resources		210,770	770,256	981,026	1,236,592
Resources expended					
Costs of generating funds					
Cost of generating voluntary income		-	72,415	72,415	89,770
Charitable activities					
Supporting, brokering and challenging		229,290	643,414	872,704	1,177,354
Governance Costs		-	40,334	40,334	24,932
Total resources expended	5	229,290	756,163	985,453	1,292,056
Net (expenditure) / income for the year	6	(18,520)	14,093	(4,427)	(55,464)
Transfers	16	(207)	207	-	-
Net movement in funds		(18,727)	14,300	(4,427)	(55,464)
Funds brought forward at 1 June 2012		272,442	(6,869)	265,573	321,037
Funds at 31 May 2013	15,16,17	253,715	7,431	261,146	265,573

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 2013

	Notes	2013 £	2012 £
Fixed Assets			
Tangible assets	8	<u>6,005</u>	<u>6,480</u>
Current Assets			
Stock	10	200	200
Debtors	9	242,068	252,449
Cash at bank and in hand		<u>256,312</u>	<u>326,276</u>
		498,580	578,925
Creditors - amounts falling due within one year	11	<u>(243,439)</u>	<u>(319,832)</u>
Net current assets		<u>255,141</u>	<u>259,093</u>
Total assets less current liabilities		<u>261,146</u>	<u>265,573</u>
Net assets		<u><u>261,146</u></u>	<u><u>265,573</u></u>
Representing:			
Unrestricted funds		7,431	(6,869)
Restricted funds	17	<u>253,715</u>	<u>272,442</u>
	18	<u><u>261,146</u></u>	<u><u>265,573</u></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 13 to 25 were approved and authorised for issue by the board and signed on its behalf on 29 November 2013 by:


Brendan Dick
 Chairman

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

Notes to financial statements for the year ended 31 May 2013

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 £14K (consistent with our surplus of £12k in 2011/12) has improved the unrestricted reserves level from (£7k) to £7k. This position would have been an even healthier £22K without the one-off spend of £15K on BiTC Merger consideration. The balance sheet continues to show a healthy position with net current assets of £255k and net assets of £261k with £256k held in the bank at the year end. As for all SMEs the cashflow will continue to need to be tightly managed in 13-14, especially with the disbursement of the final Windfarm Funds due in 2013-14 and the overdraft facility of £25k will be continued with the bank to help with this. Cash flow projections show that our finances will operate within this facility. In addition there are a series of ongoing applications for further funding to meet our charitable objectives over the next few years. 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 2013

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

	Restricted Funds £	Unrestricted Funds General £	2013 Total £	2012 Total £
Grants & Trusts	213,270	231,557	444,827	489,168
Subscriptions	-	214,812	214,812	219,500
Associated subscriptions	-	31,021	31,021	35,271
Fees for services	(2,500)	43,931	41,431	102,422
Sponsorship & Event income	-	162,539	162,539	237,052
Other	-	13,981	13,981	61,562
	210,770	697,841	908,611	1,144,975

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

Notes to financial statements for the year ended 31 May 2013

3 Resources expended

Charitable activities and governance costs

Supporting, brokering and challenging costs

	Restricted	Unrestricted Funds	2013	2012
Membership services	-	210,105	210,105	169,747
Events & Communications	-	49,231	49,231	220,733
Employability & Education	155,542	208,831	364,373	516,916
Environmental projects	73,748	23,047	96,795	117,380
Volunteering	-	147,538	147,538	147,813
Consultancy & Training	-	29,756	29,756	29,697
BiTC Merger Discussion Talks	-	15,240	15,240	-
	229,290	683,748	913,038	1,202,286

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 2013

3 Resources expended (continued)

Charitable activities and governance cost	Restricted Funds £	Unrestricted Funds General £	2013 Total £	2012 Total £
Salaries	159,094	426,777	585,871	717,121
Consultancy	10,274	130,646	140,920	148,742
Events	6,128	9,874	16,002	124,246
Travel and subsistence	4,386	26,246	30,632	43,891
Team Challenge materials	-	18,665	18,665	20,397
Office services	8,784	22,908	31,692	33,025
Rent and rates	7,039	18,881	25,920	36,360
Printing and publicity	8,001	2,764	10,765	33,518
Telephone	1,416	7,833	9,249	8,980
Other	4,168	19,154	23,322	36,006
	209,290	683,748	893,038	1,202,286

Grants Payable

	Restricted Funds £	Unrestricted Funds General £	2013 Total £	2012 Total £
SSE Windfarm	20,000	-	20,000	-
	20,000	-	20,000	-
Total charitable and governance costs for the year to 31 May 13	229,290	683,748	913,038	1,202,286

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 2013

5 Total Resources Expended

	Basis Of Allocation	Charitable Activities 2013 £	Governance Costs 2013 £	Total 2013 £	Charitable Activities 2012 £	Governance Costs 2012 £	Total 2012 £
Costs directly allocated to activities							
Salaries	Direct	440,060	19,823	459,883	612,387	11,467	623,854
Consultancy fees	Direct	136,886	1,780	138,666	145,499	-	145,499
Events & programme purchase	Direct	15,735	-	15,735	123,137	-	123,137
Travel & subsistence	Direct	22,613	1,463	24,076	34,138	-	34,138
Team Challenge materials	Direct	18,665	-	18,665	20,397	-	20,397
Office services	Direct	2,769	70	2,839	5,987	-	5,987
Audit	Direct	-	1,550	1,550	-	-	-
Printing and publicity	Direct	10,764	-	10,764	30,630	-	30,630
Telephone	Direct	5,296	101	5,397	4,373	-	4,373
Depreciation	Direct	1,894	-	1,894	1,893	-	1,893
Subscriptions	Direct	5,367	-	5,367	5,417	-	5,417
Other	Direct	714	-	714	2,771	244	3,015
Grants paid	Direct	20,000	-	20,000	-	-	-
Sub Total		680,763	24,787	705,550	986,629	11,711	998,340
Support costs							
Allocated to activities							
Salaries	Pro Rata	116,707	9,281	125,988	84,890	8,376	93,266
Consultancy fees	Pro Rata	703	-	703	3,243	-	3,243
Events & programme purchase	Pro Rata	268	-	268	1,108	-	1,108
Travel & subsistence	Pro Rata	6,556	-	6,556	9,754	-	9,754
Office services	Pro Rata	28,853	-	28,853	27,039	-	27,039
Rent & rates	Pro Rata	25,920	-	25,920	36,360	-	36,360
Printing and publicity	Pro Rata	-	-	-	2,888	-	2,888
Telephone	Pro Rata	3,852	-	3,852	4,608	-	4,608
Audit	Pro Rata	-	4,855	4,855	-	4,845	4,845
Depreciation	Pro Rata	1,627	-	1,627	2,746	-	2,746
Subscriptions	Pro Rata	1,658	-	1,658	1,624	-	1,624
Other	Pro Rata	5,797	1,411	7,208	16,465	-	16,465
		191,941	15,547	207,488	190,725	13,221	203,946
Total Activity and Support Costs		872,704	40,334	913,038	1,177,354	24,932	1,202,286
In Kind Support - Income and expenditure							
Accommodation and admin support		24,565	-	24,565	26,470	-	26,470
Professional Services		47,850	-	47,850	47,000	16,300	63,300
		72,415	-	72,415	73,470	16,300	89,770
Total Resources Expended		945,119	40,334	985,453	1,250,824	41,232	1,292,056

One-Off Item

Governance Costs includes spend of £15,240 on Salaries and related items for the BiTC merger discussion talks.

This is a one -off item and not part of our normal activities, for which we did seek funding.

As this funding was not agreed this cost has had to be met from our unrestricted reserves.

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

Notes to financial statements for the year ended 31 May 2013

6 Net Expenditure

The net expenditure for the year is stated after charging

	2013	2012
	£	£
Rental of office at Heriot Watt University Research Park	22,560	33,187
Depreciation of fixed assets	3,521	4,639
Audit Fee	4,855	4,845

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 result.

7 Employee information

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

	2013 Number	2012 Number
Programme managers	9	10
Administration	8	11
	<u>17</u>	<u>21</u>

Company employment costs	2013 £	2012 £
Gross wages	517,511	637,187
Employer's national insurance contributions	44,244	47,920
Pension contributions (a)	24,116	32,014
	<u>585,871</u>	<u>717,121</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 £24,116 (2011/12: £32,014).
- (b) No remuneration or expenses are paid to directors.
- (c) For 2012/13 there is one employee earning between £70,000 and £80,000. In 2011/12 there was one employee earning between £60,000- £70,000

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

Notes to financial statements for the year ended 31 May 2013

8 Fixed assets

	Motor Vehicles £	Office Equipment £	Office Fittings £	Total £
Cost				
At 31 May 2012	6,014	59,811	45,114	110,939
Additions	-	3,046	-	3,046
At 31 May 2013	6,014	62,857	45,114	113,985
Depreciation				
At 31 May 2012	1,879	58,697	43,883	104,459
Charge for year	1,504	1,503	514	3,521
At 31 May 2013	3,383	60,200	44,397	107,980
Net book value At 31 May 2013	2,631	2,657	717	6,005
Net book value At 31 May 2012	4,135	1,114	1,231	6,480

9 Debtors

	2013 £	2012 £
Amounts falling due within one year:		
Trade debtors	134,406	189,072
Sundry debtors	725	25,030
Prepayments and accrued income	106,937	38,347
	242,068	252,449

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

Notes to financial statements for the year ended 31 May 2013

10 Stock

	2013 £	2012 £
Consumables	<u>200</u>	<u>200</u>

11 Creditors

	2013 £	2012 £
Amounts falling due within one year:		
Other taxation and social security	32,146	37,186
Sundry creditors	35,928	81,693
Accruals	6,400	9,245
Deferred income (note 12)	<u>168,965</u>	<u>191,708</u>
	<u>243,439</u>	<u>319,832</u>

12 Deferred income

	2013 £	2012 £
Brought forward	191,708	400,739
Income released during the year	(191,708)	(400,739)
Income deferred during the year	<u>168,965</u>	<u>191,708</u>
Carried forward	<u>168,965</u>	<u>191,708</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 2013 £	Buildings 2012 £
Due within one year	-	-
Due within 2 to 5 years	<u>29,160</u>	<u>21,660</u>
	<u>29,160</u>	<u>21,660</u>

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

Notes to financial statements for the year ended 31 May 2013

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 £104,986 (2011/12: £352,149). Gifts in kind from such related parties totalled £1,490 (2011/12: £1,265). This was made up of the free use of venues and catering for meetings held. SBC purchased services from BT (Board Chair) to the value of £5,146 (2011/12 £5,459) in relation to telephony costs.

There were no outstanding sums due to related parties as at 31st May 2013.

15 Movement of Funds

	Restricted Funds	Unrestricted Funds General £	Total £
Opening balance	272,442	(6,869)	265,573
Movement during year	(18,520)	14,093	(4,427)
Transfers (note 16/17)	(207)	207	-
Balance at 31 May 2013	253,715	7,431	261,146

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.

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

Notes to financial statements for the year ended 31 May 2013

17 Restricted funds

	Notes	At 1 June 2012	Incoming Resources	Outgoing Resources	Inter-Fund Transfers	Transfer to/ from Unrestricted Funds	At 31 May 2013
		£	£	£	£	£	£
SME Initiatives	(a)	1,387	32,500	(33,211)	-	(676)	-
Healthy Working Lives	(b)	16,526	-	(16,017)	-	(509)	-
Youth Employability	(c)	(2)	-	-	-	2	-
North Highland Initiative	(d)	22	-	-	-	(22)	-
Tackling Poverty/Hubs	(e)	2,674	71,170	(73,095)	-	-	749
Scotland's Got Talent	(f)	(998)	-	-	-	998	-
Windfarm	(g)	250,000	-	(20,000)	-	-	230,000
Climate Change	(h)	2,833	46,500	(49,822)	-	-	(489)
Welfare Reform	(i)	-	33,600	(11,743)	-	-	21,857
Food Education Fund	(j)	-	27,000	(17,896)	-	-	9,104
Rural Abbatoirs	(k)	-	-	(3,926)	-	-	(3,926)
Scottish Enterprise Sustainable Leadership	(l)	-	-	(3,580)	-	-	(3,580)
		272,442	210,770	(229,290)	-	(207)	253,715

(a) **SME** - Funding was obtained from Scottish Enterprise to research and develop SME initiatives. This project was completed in 2012-13 and is being developed into the Scottish Enterprise Sustainable Leadership project - see note (l) below.

(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 was completed in 12-13

(c) **Youth Employability** - Scottish Government funded programme engaging businesses in the employability agenda through Youth Employability leadership groups. This specific project was completed last year and the final small balance transferred this year.

(d) **North Highland Initiative** - funding was received in previous year from Clarence House for rural community programme, the remainder small balance transferred this year

(e) **Tackling Poverty/Hubs** - this was funded by the Statestreet Foundation and the Bank of Scotland, for the development of Hubs to encourage SMEs working in their local communities

(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. The remainder small balance was transferred this year

(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. The first payment of £20,000 was made and the rest is expected to be paid out in 2013-14.

(h) **Climate Change**: The Scottish Government is providing this funding to support our work with businesses in improving their environmental impact. Ecotown is one of the major activities. The balance relates to spend on storage of the the Ecotown product in relation to a series of funded events being run early in 2013-14.

(i) **Welfare Reform**: Funded by the Scottish government for SBC to arrange business involvement in understanding and helping to mitigate the impact of welfare reform including for low paid employees.

(j) **Food Education Fund**: Funded by the Scottish government for SBC to arrange business involvement for a range of School projects aimed to raise pupil awareness

(k) **Rural Abbatoirs**: Funded in 2013-14 by the Princes Countryside Trust and the Scottish Government. SBC is providing the links to Business for this project which is helping to make the 5 Scottish Island abbatoirs more sustainable. This balance relates to initial work undertaken this year, the funding has now been approved for this 3 year project.

(l) **Scottish Enterprise Sustainable Leadership**: Funded in 2013-14 by Scottish Enterprise to continue on from the work done under the SME project with an emphasis on involving a wider range of businesses in embracing sustainable leadership. This balance relates to initial work undertaken this year in advance of funding arrangements being finalised in 13/14.

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

Notes to financial statements for the year ended 31 May 2013

18 Analysis of net assets between funds

	General Fund £	Restricted Funds £	Total Funds £
Tangible Fixed assets	6,005	-	6,005
Net current assets	1,426	253,715	255,141
	<u>7,431</u>	<u>253,715</u>	<u>261,146</u>