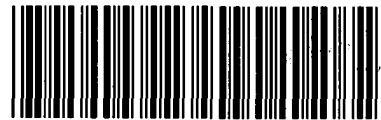


**SCOTTISH
BUSINESS
IN THE
COMMUNITY**

Annual Report for the 13 Months ended 30 June 2016

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Directors' Report for the 13 Months ended 30 June 2016

Introduction

This is the final Annual Report for Scottish Business in the Community (SBC) which merged with its sister charity Business in the Community with effect from 1 January 2016. From that point on, the delivery of our charitable objectives has been as part of Business in the Community. This report covers the period of SBC from the 1 June 2015 up to 31 December 2015. The annual accounts also reflect the residual movements up to 30 June 2016 until the final transfer of all balances over to Business in the Community.

Mission Statement

SBC's Mission was "Better Business for a Better Scotland". This was 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 which was working with members and partners in all sectors, was uniquely placed to add value to the development and success of Scotland. SBC's roles as expert adviser and independent broker were increasingly important, as we worked collaboratively with stakeholders to drive change.

Our Values Statement

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

Directors' Report for the 13 Months ended 30 June 2016

Foreword

This has been a significant period of change for SBC; we continued our discussions with our sister charity Business in the Community and held a key meeting with our Member companies in December 2015 where unanimous approval was secured to merge. The merger took place with effect from the start of January 2016.

As part of Business in the Community we are striving to grow our impact in Scotland, working with more Member companies and with our new colleagues. I would like to take this opportunity to thank the staff at SBC and the Directors on the Board of SBC for all their hard work and ongoing support through this major change.

At the start of the year in June 2015 we held our Awards ceremony in Prestonfield House to celebrate the following Scottish award winners:

Working Better: Enterprise Rent- A-Car
Closing the Education Gap: DWF
Environmental Leader:
The Crown Estates & Elan Hair Design
Volunteering Company: Statestreet
Volunteering Team: Scottish Widows
Employee Volunteer:
Emma Blaikie, John Lewis Partnership
SME: Vegware
Large Company: Asda

The event also celebrated the following 3 accreditations:

Rabbie's Small Group Tours for The Dairy
Crest Rural Action Award
GCCN, Glasgow Caledonian University for
The Unilever International Award
Scottish Power for The Work Inclusion Award

And finally Amec Foster Wheeler won The UK School Partnerships Award.

Congratulations to all the above winners of the final SBC awards.

This final year for SBC saw the completion of some significant pieces of work such as the Employee In Work Action project funded by the Big Lottery Scotland and the Early Years intervention project funded by the Scottish Government. The continuation of the Food Education project funded by the Scottish Government, and of Ready for Work by Peoples Postcode Lottery, boosted by funding from Agnes Hunter Trust and Statestreet were a great success. New major projects included the Poverty in Young People project funded by Peoples Postcode Lottery and later in the year we received funding for Paired Reading developments from Ernst Cook Trust, then Robertson Trust, which is being linked with further funding which has been confirmed in 2016/17 to enable this project to commence.

I would like to thank all these bodies for their ongoing support.

We will continue the delivery of these projects and other new ways to meet our charitable objectives of alleviating poverty as we continue as part of Business in the Community.

Jane Wood
Chief Executive Officer
Scottish Business in the Community



Directors' Report for the 13 Months ended 30 June 2016

Directors and advisors

During the period 1 June 2015 to 30 June 2016 of the SBC Board the following Directors were in post.

Directors

	Retired	Joined	Attendance
Chair			
Jayne-Anne Gadhia CBE			3/3 Chief Executive Officer Virgin Money
Vice Chair			
Janet Hamblin	2 Dec 15		2/2 Partner, Baker Tilly
Trustees			
Tom Campbell	2 Dec 15		2/2 Chief Executive North Highland Initiative
Dr Michelle Hynd	31 Dec 15		3/3 Director of Corporate Infrastructure & Development, SSE plc
Linda Hanna	2 Dec 15		2/2 Senior Director Scottish Enterprise
Dr Jim McCormick	31 Dec 15		2/3 Scotland Adviser Joseph Rowntree Foundation
Christopher Welsh	31 Dec 15		2/3 Vice President State Street
Sheila Fazal	31 Dec 15		2/3 Director PwC
Paul Blair	31 Dec 15		3/3 Managing Director, Livingston James
Mike Still			3/3 Managing Director, Client Service, UK & Ireland Corporate, Marsh Ltd
John Spence CBE	12 Dec 16	1 Jan 16	Chair BITC Finance & Risk Committee
Antony Jenkins		1 Jan 16	Chair BITC Board

President

HRH The Prince Charles, Duke of Rothesay

Directors' Report for the 13 Months ended 30 June 2016

SBC Senior Management Team

Jane Wood, Chief Executive Officer
Mark Bevan, Director of Operations & Deputy Chief Executive
Claire Howe, Head of Member Services
James Tindell, Community Programmes
Frances Donnelly, Head of Central Services

Registered Address

Livingstone House
43A Discovery Terrace

Heriot-Watt Research
Park
Edinburgh, EH14 4AP

Auditor

BDO LLP
CityPoint,
65 Haymarket Terrace
Edinburgh
EH12 5HD

Solicitor

Brodies Solicitors
15 Atholl Crescent
Edinburgh
EH3 8AH

Banker

Bank of Scotland
Royal Mile Branch
Edinburgh
BX2 1LB

Structure, Governance and Management

SBC is a charitable company limited by guarantee, incorporated on 11 October 1982 and originally registered as a charity on 26 December 1988. The company was established under a Memorandum of Association which set out the objects and powers of the company and it is governed under its Articles of Association. As noted in the introduction, SBC has now been merged with its sister charity Business in the Community and has continued its delivery of its charitable objectives as part of Business in the Community from 1 January 2016.

SBC was recognised as a Charity for tax purposes by the Inland Revenue (CR43853).

Statutory Requirements

The Directors confirm that the report and accounts have been prepared on a break up basis and as such comply with current statutory requirements, with the Company's Memorandum and Articles of Association and with the principles set out in the Charities SORP (FRSSE): Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (FRSSE) (effective 1 January 2015).

Appointment of Directors

New Directors were proposed at Meetings of the Board at which they would have been proposed, seconded and agreed at regular quarterly board meetings. Board members were to hold office for a term lasting 3 years and after this first term they were eligible for re-election for a second term of

Directors' Report for the 13 Months ended 30 June 2016

3 years. The maximum they could have served was 2 terms (6 years). At the end of term one the board director would have either stepped down or stood for re-election for a 2nd term and if they had been reappointed this would have been 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 4.

The induction and training of Directors included 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 was 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 were also invited to attend a Prince's Charities Induction session held at Clarence House.

Organisational Structure

SBC's head office was based in Edinburgh, and comprised of a team of eight people with a further eight programme managers and co-ordinators, some of whom were located across Scotland, reporting to the appropriate head office team members. This same organisational structure and location has been maintained with TUPE transfer to Business in the Community.

The SBC Chief Executive was 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 were agreed formally by the Board at their quarterly meetings but close contact was maintained on a permanent basis between SBC management, the Chairman, Vice Chair and Board sub-committee members. Following the merger, the SBC Chief Executive Jane Wood is now the Managing Director of BITC Scotland, and Director of External Affairs BITC.

The SBC Board has been replaced with a Scottish Advisory Board, which has no fiduciary responsibilities as these reside with the BITC Board; the Scottish Advisory Board provides strategic direction for growing the movement within Scotland.

Related Party Transactions

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

Financial Control and Reserves Policy

Procedures for reporting financial results to management and Board members had been maintained at the standards agreed with the Board who regularly reviewed the finances at Board meetings. This was particularly important as a significant proportion of the funds held were restricted. In addition, regarding general unrestricted reserves, the Board had set targets in the 3 year plan to grow these to a level closer to covering working capital for a minimum of 3 months.

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

Financial Review

As noted in the introduction, these accounts cover the period of SBC activity June 2015 to December 2015, and the residual movements following the merger with BITC on 1 January 2016.

The restricted reserves which were transferred to BITC amounted to £37K, the significant elements being £10K for the finalisation of the Rural Abattoirs and North Ronaldsay projects, £23K

Directors' Report for the 13 Months ended 30 June 2016

for the Town Centre regeneration project ended March 2016 and £9K for Ready for Work delivery funded by Statestreet.

The balance on Unrestricted Reserves ended the year at a small deficit of £3K, so the overall donation to BITC was £34K. Note 18 to the financial statements provides the analysis for this.

Risk Management

During this year the main Board had received reports on the Key Risks from the Senior Management Team within SBC. Significant risks that were identified and being managed included 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 the Merger that was being discussed in detail by Board Directors throughout this period. The negotiations that were held in devising the Memorandum of Agreement which guided the terms of the Merger were the key way of helping to address these risks.

Key Achievements

Our Awards Celebration Event on 23 June 2015 was a very successful evening in terms of outstanding guest experience, promotion of SBC and the responsible business agenda in Scotland.

A highly successful meeting of the BERG Leadership Team took place at the Palace of Holyroodhouse on 23 June 2015, attended by our President. BERG was increasingly active due to extremely adverse weather conditions in Scotland that had affected Orkney, Caithness and Alyn.

Membership remained stable through the period at 68 Members. The SBC Membership team held a well received seminar for 24 Members on CSR and Borderless Politics hosted in conjunction with RBS and University of Glasgow.

SBC started early discussions with the Scottish Government regarding the Fair Work Agenda and the need to create a 'National Action Plan for Responsible Business in Scotland'. This has successfully pursued since the Merger and is now happening with RBS taking a lead role.

Donated Services & Facilities Support

The Directors wish to record their sincere thanks for the financial support received from:

- | | |
|---|---|
| ▶ Aberdeen City Council | ▶ Prince of Wales's Charitable Foundation |
| ▶ Agnes Hunter Trust | ▶ PwC |
| ▶ Asda | ▶ Robertson Trust |
| ▶ Barclays | ▶ Scottish Power |
| ▶ Big Lottery Fund in Scotland | ▶ State Street |
| ▶ Clydesdale Bank | ▶ SQA |
| ▶ Dundee City Council | ▶ The Scottish Government |
| ▶ Ernst Cook Trust | ▶ Virgin Money |
| ▶ Glasgow City Council | ▶ William Grant Foundation |
| ▶ Lloyds Banking Group/Bank of Scotland | ▶ Michelin |
| ▶ Peoples Postcode Lottery | ▶ Zero Waste Scotland |

Directors' Report for the 13 Months ended 30 June 2016

This funding has been vital in the development of SBC's programmes and special projects.

Donated services and facilities support for SBC's administration and operating costs were received during the year and included major contributions of:

- ▶ IT services from Salesforce
- ▶ Support from Stephen Pearson, Virgin Money for the Board and governance

Donated services and facilities support was also provided from:

- | | |
|-------------------------|------------------------|
| ▶ Aberdeen City Council | ▶ Lloyds Banking Group |
| ▶ AG Barr | ▶ Michelin |
| ▶ Amey | ▶ Prestonfield House |
| ▶ Asda | ▶ PwC |
| ▶ Baker Tilly | ▶ Shoosmiths |
| ▶ Barclays | ▶ SQA |
| ▶ Barrs Printers | ▶ Virgin Money |
| ▶ Clydesdale Bank | ▶ William Grant & Sons |
| ▶ CMS Cameron McKenna | |

We are grateful for the ongoing support of our entire group of SBC member companies who kindly give their time and resources to promote sustainable business across Scotland.

Auditor

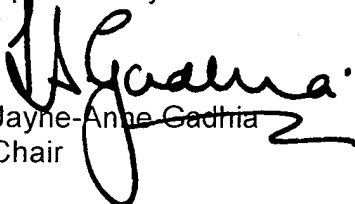
It is the Directors' assessment that there is no relevant audit information which the auditor has not been made aware of and they have taken all necessary steps to ensure that the auditor has been made aware of all relevant information.

Basis of preparation

This report has been prepared on a break up basis in accordance with the special provisions of the Financial Reporting Standard for Smaller Entities.

The financial statements have been prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSE) (Effective 1 January 2015), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

Approved by the SBC Board and signed on its behalf by


Jayne-Anne Gadhria
Chair

Date: 23 FEBRUARY 2017

Directors' responsibilities for the 13 Months ended 30 June 2016

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law and charity law requires the Directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law and charity 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 the income and expenditure, of the charity for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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 period ended 30 June 2016 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 January 2015) (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees 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 trustees 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 trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (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 Financial Reporting Council's (FRC'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 FRC'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 30 June 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period 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).

Independent Auditor's report to the Directors and Members of Scottish Business in the Community

Emphasis of matter – basis of preparation

We draw attention to note 1 to the financial statements which explains that, as a consequence of the transfer of the business and assets to Business in the Community, Scottish Business in the Community is no longer a going concern and consequently, the financial statements have been prepared on a basis other than that of a going concern and the consequences of the alternative basis on the financial statements. Our opinion is not modified in this respect.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the 13 month period 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report or the exemption from the requirements to prepare a strategic report.

BDO LLP.

Barbara Southern (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

Edinburgh

United Kingdom

Date: 6 MARCH 2017

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 13 Months ended 30 June 2016

	Notes	Restricted Funds £	Unrestricted Funds General £	13 months Ended 30-Jun-16 £	Restricted Funds £	Unrestricted Funds General £	Year Ended 31-May-15 £
Income:							
Donations	5	-	83,735	83,735	-	92,130	92,130
Income from charitable activities Supporting, brokering and challenging	2	164,855	412,869	577,724	584,662	665,764	1,250,426
Investment Income		-	23	23	-	-	-
Total income		164,855	496,627	661,482	584,662	757,894	1,342,556
Expenditure:							
Raising Funds	5	-	83,735	83,735	-	92,130	92,130
Charitable activities Supporting, brokering and challenging	3,5	269,388	503,534	772,922	585,894	594,331	1,180,225
Donation to Business in the Community (BITC)	18	37,171	(3,397)	33,774	-	-	-
Total expenditure		306,559	583,872	890,431	585,894	686,461	1,272,355
Net (expenditure) / income for the period	6	(141,704)	(87,245)	(228,949)	(1,232)	71,433	70,201
Transfers	16	1,047	(1,047)	-	(339)	339	-
Net movement in funds		(140,657)	(88,292)	(228,949)	(1,571)	71,772	70,201
Funds brought forward		140,657	88,292	228,949	142,228	16,520	158,748
Funds carried forward	15,16,17	-	-	-	140,657	88,292	228,949

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.

Scottish Business in the Community was merged into Business in the Community as at 1 January 2016. These accounts reflect the activity undertaken by Scottish Business in the Community from 1 June 2015 to 31 December 2015 and the residual movements for Scottish Business in the Community from January 16 to its final closure in June 2016.

The notes on pages 14 to 24 form part of these financial statements.

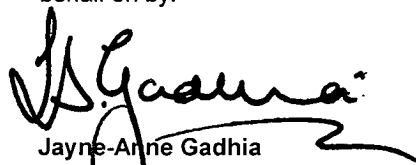
Scottish Business in the Community
(A company limited by guarantee)

Balance Sheet as at 30 June 2016

	Notes	30 June 2016 £	31 May 2015 £
Fixed Assets			
Tangible assets	8	-	15,049
Current Assets			
Stock	10	-	200
Debtors	9	-	298,672
Cash at bank and in hand		-	282,511
		-	581,383
Creditors - amounts falling due within one year	11	-	(367,483)
Net current assets		-	213,900
Total assets less current liabilities		-	228,949
Net assets		-	228,949
Representing:			
Unrestricted funds		-	88,292
Restricted funds	16	-	140,657
	17	-	228,949

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 January 2015)

The financial statements on pages 12 to 24 were approved and authorised for issue by the board and signed on its behalf on by:


Jayne-Anne Gadhia
Chair
23 FEBRUARY 2017

Scottish Business in the Community

(A company limited by guarantee)

Notes to financial statements for the 13 months ended 30 June 2016

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Finance Reporting Standard for Smaller Entities (FRSSE) (effective 1 January 2015), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

Break Up Basis

Scottish Business in the Community was merged into Business in the Community as at 1 January 2016. These financial statements reflect the activity undertaken by Scottish Business in the Community from 1 June 2015 to 31 December 2015 and the residual movements for Scottish Business in the Community from January 16 to the final transfer of balances in June 16. The financial statements are therefore not prepared on the going concern basis of preparation. All assets and liabilities have been stated on their recoverable or payable amounts respectively. The final transfer resulted in a donation to BITC as detailed in Note 18.

Membership subscriptions

Membership Income has been accounted for in the first month of the membership year in line with the invoices.

Grants and sponsorship

All sponsorship is treated as income as invoiced for the sponsored event or activity, 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.

Donated services & facilities

Donated services & facilities are recognised in the accounts as income and expenditure on the basis of the estimated market value of providing these services.

Expenditure

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.

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

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

Notes to financial statements for the 13 months ended 30 June 2016

1 Principal accounting policies (continued)

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

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 operated a defined contribution scheme for employees. The assets of the scheme were held separately from those of the company. The annual contributions payable are charged to the Statement of Financial Activities.

2 Income from charitable activities

	Restricted Funds £	Unrestricted Funds General £	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
Grants & Trusts	155,855	123,167	279,022	808,534
Subscriptions	-	170,905	170,905	206,390
Associated subscriptions	-	17,850	17,850	21,671
Fees for services	1,000	41,537	42,537	11,512
Sponsorship & Event income	-	46,233	46,233	190,695
Other	8,000	13,177	21,177	11,624
	164,855	412,869	577,724	1,250,426

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

Notes to financial statements for the 13 months ended 30 June 2016

3 Expenditure on:

Charitable activities

Supporting, brokering and challenging costs

	Restricted Funds £	Unrestricted Funds General £	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
Membership services	2,937	107,769	110,706	229,655
Events & Communications	-	132,548	132,548	98,686
Employability & Education	165,391	71,729	237,120	438,191
Environmental projects	101,060	-	101,060	256,084
Volunteering	-	49,427	49,427	105,369
Consultancy & Training	-	19,551	19,551	17,204
BiTC Merger Discussion Talks	-	122,510	122,510	35,036
	269,388	503,534	772,922	1,180,225

Costs were 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 13 months ended 30 June 2016

3 Expenditure on (continued):

Charitable activities

Supporting, brokering and challenging costs

	Restricted Funds £	Unrestricted Funds General £	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
Salaries	140,838	280,610	421,448	689,386
Consultancy	25,100	70,094	95,194	156,488
Events	2,920	52,595	55,515	66,984
Travel and subsistence	12,882	21,327	34,209	53,844
Team Challenge materials	-	4,274	4,274	11,784
Office services	20,202	28,606	48,808	39,611
Rent and rates	7,997	17,304	25,301	43,980
Printing and publicity	311	3,013	3,324	10,304
Telephone	2,037	3,738	5,775	8,181
Other	26,861	21,973	48,834	29,663
	239,148	503,534	742,682	1,110,225
Grants Payable				
	Restricted Funds £	Unrestricted Funds General £	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
SSE Windfarm	-	-	-	70,000
Venture Trust	30,240	-	30,240	-
	30,240	-	30,240	70,000
Total charitable expenditure	269,388	503,534	772,922	1,180,225

4 Corporation tax

The company had acquired charitable status with effect from 26 December 1988 and was 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 13 months ended 30 June 2016

5 Total Expenditure

	Basis Of Allocation	Charitable Activities 2016 £	Governance Costs 2016 £	13 months ended 30-Jun-16 Total £	Charitable Activities 2015 £	Governance Costs 2015 £	Year ended 31-May-15 Total £
Costs directly allocated to activities							
Salaries	Direct	263,790	66,550	330,340	490,961	35,698	526,659
Consultancy fees	Direct	56,295	18,300	74,595	154,638	1,392	156,030
Events & programme purchase	Direct	54,614	-	54,614	65,262	-	65,262
Travel & subsistence	Direct	25,094	4,921	30,015	46,301	1,234	47,535
Property setup & running costs	Direct	-	-	-	-	-	-
Team Challenge materials	Direct	4,274	-	4,274	11,785	-	11,785
Office services	Direct	13,032	4,399	17,431	4,167	15	4,182
Audit	Direct	-	1,950	1,950	-	-	-
Rent & rates	Direct	-	-	-	-	-	-
Printing and publicity	Direct	3,244	-	3,244	9,396	-	9,396
Telephone	Direct	2,831	-	2,831	4,535	-	4,535
Depreciation	Direct	2,319	-	2,319	2,274	-	2,274
Subscriptions	Direct	15,216	-	15,216	2,655	-	2,655
Other	Direct	2,383	4,425	6,808	10,156	44	10,200
Grants paid	Direct	30,240	-	30,240	70,000	-	70,000
Sub Total		473,332	100,545	573,877	872,130	38,383	910,513
Support costs							
Allocated to activities							
Salaries	Pro Rata	70,349	20,760	91,109	144,010	18,717	162,727
Consultancy fees	Pro Rata	16,304	2,895	19,199	459	-	459
Events & programme purchase	Pro Rata	764	136	900	1,721	-	1,721
Travel & subsistence	Pro Rata	3,561	632	4,193	6,308	-	6,308
Office services	Pro Rata	22,681	4,027	26,708	28,595	-	28,595
Rent & rates	Pro Rata	21,486	3,815	25,301	43,980	-	43,980
Printing and publicity	Pro Rata	68	12	80	907	-	907
Telephone	Pro Rata	2,500	444	2,944	3,646	-	3,646
Audit	Pro Rata	(467)	(83)	(550)	-	5,355	5,355
Depreciation	Pro Rata	11,521	2,046	13,567	7,048	-	7,048
Subscriptions	Pro Rata	631	112	743	1,479	-	1,479
Other	Pro Rata	12,612	2,239	14,851	3,629	3,858	7,487
		162,010	37,035	199,045	241,782	27,930	269,712
Total Activity and Support Costs		635,342	137,580	772,922	1,113,912	66,313	1,180,225
Donated Services & Facilities - Income and expenditure							
Accommodation and admin support		21,250	7,660	28,910	30,830	12,800	43,630
Business Connectors		26,100	-	26,100	0	-	0
Professional Services		28,725	-	28,725	43,500	5,000	48,500
		76,075	7,660	83,735	74,330	17,800	92,130
Donation to Business in the Community		33,774	-	33,774	-	-	-
Total Expenditure		745,191	145,240	890,431	1,188,242	84,113	1,272,355

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

Notes to financial statements for the 13 months ended 30 June 2016

6 Net (Expenditure)/Income

The net (expenditure)/income is stated after charging

	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
Rental of office at Heriot Watt University Research Park	40,295	40,295
Depreciation of fixed assets	15,886	9,321
Audit Fee	6,300	5,250

The Final Audit Fees for SBC were paid for by BITC and are included within the Donated Services and Facilities. 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.(2014/15: None)

7 Employee information

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

	2016 Number	2015 Number
Programme managers	8	9
Administration	8	10
	<u>16</u>	<u>19</u>

Employment costs

	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
Gross wages	369,673	608,537
Employer's national insurance contributions	35,917	55,727
Pension contributions (a)	15,859	25,122
	<u>421,449</u>	<u>689,386</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 £15,858 (2014/15: £25,122). In line with the Merger terms all SBC staff were transferred over by TUPE agreement and into the BITC Pension Scheme, this is similarly a defined contribution scheme.
- (b) No remuneration or expenses are paid to directors.(2014/15: None)
- (c) For 2015/16 there was 1 employee earning between £90,000 - £100,000 as an annual Salary . In 2014/15 there was one employee earning between £90,000-£100,000. The company contributes 5% towards employees pensions, this was £2,690 for this employee.

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

Notes to financial statements for the 13 months ended 30 June 2016

8 Fixed assets

	Motor Vehicles £	Office Equipment £	Office Fittings £	Total £
Cost				
At 31 May 2015	6,014	87,502	45,384	138,900
Additions	7,500	525	-	8,025
Disposals	(6,014)	-	-	(6,014)
Donation to BITC	(7,500)	(88,027)	(45,384)	(140,911)
At 30 June 2016	-	-	-	-
Depreciation				
At 31 May 2015	6,014	72,831	45,006	123,851
On Disposals	(6,014)	-	-	(6,014)
Charge for period	312	15,196	378	15,886
Donation to BITC	(312)	(88,027)	(45,384)	(133,723)
At 30 June 2016	-	-	-	-
Net book value				
At 30 June 2016	-	-	-	-
Net book value At 31 May 2015	-	14,671	378	15,049

9 Debtors

	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
Amounts falling due within one year:		
Trade debtors	-	165,770
Sundry debtors	-	950
Prepayments and accrued income	-	131,952
	-	298,672

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

Notes to financial statements for the 13 months ended 30 June 2016

10	Stock	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
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Consumables	-	200
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11	Creditors	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
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Amounts falling due within one year:

Other taxation and social security	-	54,866
Sundry creditors	-	38,946
Pension Creditors	-	3,367
Other Creditors	-	1,890
Accruals	-	55,406
Deferred income (note 12)	-	213,008
	-	367,483

12	Deferred income	13 months ended 30-Jun-16 Total £	Year ended 31-May-15 Total £
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Brought forward	213,008	191,809
Income released during the year	(213,008)	(191,809)
Income deferred during the year	-	213,008
Carried forward	-	213,008

Income deferred is for grants received prior to the period end set aside for future spend.

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. As part of the Merger BITC committed to take on this lease and the formal assignation was completed in September 2016.

	Buildings 13 months ended 30-Jun-16 Total £	Buildings Year ended 31-May-15 Total £
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Due within one year	-	-
Due within 2 to 5 years	-	39,660
	-	39,660

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

Notes to financial statements for the year ended 30 June 2016

14 Related party disclosure

Financial Reporting Standard for Smaller Entities (FRSSE) requires the disclosure of the details of material transactions between the reporting entity and related parties. Under the terms of FRSSE, 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 £60,890 (2014/15: £114,230). Donated services & facilities from such related parties totalled £15,890 (2014/15: £16,040). This was made up of the free use of venues, BITC paying for the SBC audit fees, catering for meetings held and senior support for Merger and programmes.

There were no outstanding sums due to related parties as at 30 June 2016.

15 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 note 16 to the financial statements.

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

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

Notes to financial statements for the 13 months ended 30 June 2016

16 Restricted funds

		Income	Expenditure	Transfer to/ from	Donation to BITC	At 30
	At 1 June 2015			Unrestricted Funds		June 2016
	Notes	£	£	£	£	£
Employee Action In Work Poverty	(a)	21,384	-	(21,490)	106	-
ICT European project	(b)	4,355	-	(2,937)	-	(1,418)
Ecotown	(c)	(592)	1,000	(1,211)	803	-
Food Education Fund	(d)	425	36,912	(36,576)	-	(761)
Rural Abbatoirs	(d)	22,230	8,000	(20,373)	143	(10,000)
BERG Scotland	(f)	3,133	16,250	(27,060)	-	7,677
Best Practice Welfare Reform	(g)	8,997	26,768	(35,783)	18	-
Town Centre Regeneration	(h)	75,652	-	(52,416)	-	(23,236)
Early Years Intervention	(i)	2,122	33,248	(35,370)	-	-
Ready for Work Offenders Big Lottery Pilot	(j)	2,951	-	(2,928)	(23)	-
PPL Poverty Young People	(k)	-	1,937	(1,937)	-	-
Statestreet Ready For Work with Venture Trust	(l)	-	40,740	(31,307)	-	(9,433)
		<u>140,657</u>	<u>164,855</u>	<u>(269,388)</u>	<u>1,047</u>	<u>(37,171)</u>

Small transfers have been made to close off minor balances on completed projects.

(a) Tackling In Work Poverty - The Big Lottery have funded this 18 month project to raise awareness amongst Employers of the impact of the current welfare reform changes to their own workforce and how they can help support their employees - this project was completed this year.

(b) ICT European project - this small project is to work with European partners and some of our ICT member companies to develop a portal for sharing good practice regarding ICT and sustainability, the final report is scheduled for 16/17.

(c) Ecotown: Where possible we will run the Ecotown event for interested Member or nonMember companies.

(d) 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, has been extended further into 16/17.

(e) Rural Abbatoirs: Funded 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 was completed by June 16 through BITC.

(f) BERG Scotland: Funded by Scottish Government and in 15/16 also by Virgin Money, this is about helping businesses be better prepared for emergencies, and is part of a UK wide BITC programme.

(g) Best Practice Welfare reform - Funded by the Scottish Government started April 15 to develop the previous In Work Poverty Projects by developing case studies of best practice for sharing with other businesses; this project was finished this year.

(h) Town Centre Regeneration: Funded by the Scottish Government to work with businesses in helping key Urban areas improve and flourish, using Business Connectors to help the delivery expand. Continued into 16/17.

(i) Early years Intervention: Funded by the Scottish Government to work with businesses to help support the parents and therefore the children and families of pre school children in deprived areas towards improving their prospects and ambitions, ended March 16.

(j) Ready for Work Big Offenders Pilot: Funded by the Big Lottery to develop Ready For Work programme with partners Apex and Recruit with Conviction for ex offenders. This exploratory project was ended this year.

(k) PPL Poverty Young People: This funding was agreed towards the end of December 15 and paid the following year, this relates to accrued income to cover the initial set up costs. This project is running now with Children In Scotland and is targeting Holiday Hunger.

(l) Statestreet Ready For Work with Venture Trust: This funding was granted to work with clients from Venture Trust and encourage participation in the Ready For Work programme and to assist Venture Trust with their employability programme.

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

Notes to financial statements for the 13 months ended 30 June 2016

17 Analysis of net assets between funds

	Restricted Funds £	Unrestricted Funds General £	As at 30-Jun-16 £	Restricted Funds £	Unrestricted Funds General £	As at 31-May-15 £
Tangible Fixed assets	-	-	-	15,049	-	15,049
Net current assets	-	-	-	73,243	140,657	213,900
	-	-	-	88,292	140,657	228,949

18 Donation to BITC

The total funds transferred to Business in the Community following the merger agreement at 31 December 2015 are analysed as follows:

	£
Fixed Assets	7,188
Debtors	15,395
Cash at bank and in hand	101,398
Creditors: amount falling due within one year	(90,207)
	<u>33,774</u>
Restricted	37,171
Unrestricted	(3,397)
	<u>33,774</u>

The SBC Board negotiated and agreed the terms of the Merger through a Memorandum of Association. This was presented to the SBC Members with a recommendation to go ahead with the Merger at the General Meeting held on the 3 December 2015; this motion was approved. The legal terms were finalised with an effective transfer date of 1 January 2016, at this point all previous SBC activities continued to be undertaken within BITC. Staff were transferred over through the TUPE process and a Scottish Advisory Board was set up to provide local strategic direction and to update the BITC Board.

19 Post Balance Sheet Event

On 23 November 2016, HMRC contacted the charity over a potential underpayment from tax year 2012/13 and prior. If this debt does fall due on the charity following conclusion of the review by HMRC then the liability will be met by Business in the Community. The estimated liability is £14K. No provision for this liability is included within these accounts as there was no constructive obligation on the charity as at 30 June 2016.