

**SENSCOT LIMITED**  
**SOCIAL ENTREPRENEURS NETWORK SCOTLAND**  
(A Company Limited by Guarantee)

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**ABBREVIATED REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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Charity no: SC029210

Company Number: 278156

**SENSCOT LIMITED**  
**(A Company Limited by Guarantee)**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**CONTENTS**

	<b>Page</b>
Company Information	3
Directors' report	4-8
Report of the Auditors	9-10
Statement of Financial Activities	11
Balance Sheet	12
Notes forming part of the financial statements	13-21



## **SENSCOT LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

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

##### Governing document

Senscot was launched in January 1999 as an unincorporated association with charitable status. On 5 January 2005, the trustees of Senscot decided that the organisation should become a company limited by guarantee. As of 1 April 2005, a resolution was passed at the 2004 AGM, where the trustees of Senscot transferred all its assets and liabilities to the company. Senscot has been operating as the company since that date. Senscot, the company limited by guarantee, is governed by its Memorandum and Articles of Association dated 17 December 2004. It is registered as a charity with OSCR and the Inland Revenue.

##### Appointment of Directors

Nominations to be a director are requested from the membership and can be submitted at any time before the commencement of the AGM. The board currently comprises four directors from the membership. Any directors appointed by the directors during the year, and two of the remaining member directors, must stand down at the AGM but are eligible for re-election. The nominations for election are put to the membership at the AGM and the full board is thereby elected. At their first meeting after the AGM the directors elect their office bearers for the coming year. Further directors can be co-opted by the board of directors during the year.

##### Director induction and training

After election an induction programme is offered to all new directors. In addition all directors receive an information pack that contains the Memorandum and Articles of Association, roles and responsibilities of being a director, and background information on the organisation.

##### Organisation

The full board of directors meets every two months. The board spends a day and half each year undertaking a strategic review and forward planning for the organisation. The Executive Director produces a report of the organisation's progress to the directors on a quarterly basis. The Executive Director has delegated powers to make day-to-day decisions regarding the organisation's operations. A work plan and budget is agreed between the Executive Director and the directors and if there is significant variation required, this is referred to the directors for approval.

##### Risk management

The annual strategic review and forward planning event considers the risks to which the organisation is exposed and identifies what needs to be in place to manage these risks through the year. The risks faced by the company fall into two categories, internal and external.

Internal risks are minimised by the implementation of procedures for authorisation of transactions and projects and to ensure consistent quality of delivery for all operational aspects of the company.

## SENSCOT LIMITED

### DIRECTORS' REPORT (CONTINUED)

External risks relate largely to the continued funding of the company. However an encouraging development is the continued support from both private and public sectors, which should ensure the long-term financial stability of the company. Any variation from the business has an associated risk assessment that is presented to the board of directors.

#### Related parties

Senscot co-operates with other social enterprise organisations throughout Scotland and has formal links with the Scottish Social Enterprise Coalition.

#### **Objectives and activities**

Senscot's mission statement is "to continue to build and operate an independent network with the scale and momentum to drive an expanding social enterprise sector in Scotland". The key objectives flowing from this mission are as follows:

- To connect the majority of social enterprises in Scotland to the Senscot network.
- To share information and inspiration electronically.
- To share information and inspiration through local networks.
- To broker mutual support and joint working.
- To create, with others, new services to develop the social enterprise community.
- To influence policy to help the growth of the social enterprise sector.
- To promote the wider benefits of social enterprise.

In pursuing our mission, we are active in key areas.

#### 1. Connecting and information social entrepreneurs:

- Our working assumption is that there are in Scotland around 3,000 social enterprises and a wide range of social entrepreneurs across all sectors. We continually devise new ways of finding and connecting more people.
- Circulation of our weekly Bulletin runs at some 3,400 recipients; we estimate a long-term potential in order of 4,000. We continue to add content to our web site to make it a valuable tool for social entrepreneurs.

#### 2. Facilitating Networks

- We continue to encourage and facilitate meetings of social entrepreneurs around the country – with particular focus on the support of Local Social Enterprise Networks (LSEs).
- Through our Bulletin and other activities we encourage social entrepreneurs to support each other by working together and sharing knowledge and expertise, for mutual benefit.

#### 3. Developing the Sector

- In response to dialogue with our network, we work with others to incubate and spin our new services – as with Scotland unLtd, DTA Scotland, the Social Enterprise Academy and First Port.
- We seek to influence national and regional policies for social entrepreneurs and their work through participation in relevant events and Scottish Executive working groups.
- We seek to raise awareness of the contribution of social enterprises to economic activity, social inclusion and general social well-being through public speaking.

## SENSCOT LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### Achievements and performance

During the year Senscot continued to pursue the key objectives outlined above. Senscot has established contact with approximately half of the estimated 3,000 social enterprises that exist in Scotland. The Senscot weekly electronic bulletin now goes out to almost 3,500 contacts. Both the database and the website are constantly being refined and developed. The website is now attracting over 5,000 hits per week from around 1,500 individual visitors.

Senscot continued to establish new Local Social Enterprise Networks (LSEs) around the country. There are now 17 LSEs, both geographical and thematic. The networks also held their third national gathering at New Lanark in November and took a delegation to the Voice 08 Conference in Liverpool. The Scottish Government also committed to supporting Senscot's work with the Networks over a three year period from 2008-11.

Last April saw the establishment of First Port as a separate company. This will bring together the services of the Senscot Exchange and Scotland UnLtd under one roof. First Port has also secured a three year funding package from the Scottish Government to support start-up social entrepreneurs and their enterprises.

Over the past 5 years, Senscot has been involved, with others, in the establishment of a series of services designed to bring support to social enterprises in Scotland. These have included Scotland UnLtd, DTA Scotland, the Social Enterprise Academy, the Senscot Exchange and, most recently, First Port. These organisations with others make up a Social Enterprise 'cluster' of 9 organisations that Senscot continues to support via the provision of affordable office space and common services at its Edinburgh premises.

Senscot has also engaged with policy makers at local and national level. Senscot is a founding member of the Scottish Social Enterprise Coalition that lobbied successfully for a distinct strategy for social enterprise that was published in March 2007. With the new SNP Administration adopting many elements of this Strategy, last week saw the publication of their 'Enterprising Third Sector Action Plan'. Senscot has also been working with others to establish Social Ventures Scotland (SVS). SVS is an initiative that will play a brokering role and provide wrap around business support for social enterprises accessing investment through commercial loans, government funding or private individuals.

Senscot also continue to promote the wider benefits of social enterprise and social entrepreneurship through speaking at meetings and conferences and by publishing articles, comments etc. It will also continue to explore new ventures, in partnership with others that can help the sector in Scotland grow.

## SENSCOT LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### Financial review

A deficit of £40,481 arose during the year (2007 - deficit of £21,215).

The year 2007/08 has been Senscot's most difficult in financial terms since the very early years. A significant reason for this has been the company's failure to attract new core-funding. The bulk of income generated has been for project-based activities. The last year has also seen the loss of European funding and the Senscot Exchange moving into First Port. These income streams have not been replaced and much of Senscot's development work is unpaid. The future, however, is more positive. A three-year package has been agreed with Scottish Government with a number of other development areas coming to fruition over the coming months.

#### Principal funding sources

Principal funding sources for the year under review are: Communities Scotland, Local People Leading, Big Lottery and income generated by the activities of Senscot. Other than Local People Leading and Big Lottery, the principal funding sources have been unrestricted contributions to the core costs of Senscot and as such have been applied in support of all its key objectives.

#### Investment policy

Under the Memorandum and Articles of Association, the company has the power to invest in any way the directors wish. However, there are few funds for long-term investment and the directors, having regard to the liquidity requirements of operating the company and to the reserves policy have operated a policy of keeping available funds in an interest bearing current account.

#### Reserves policy

The Board has traditionally set a target level of reserves equivalent to three months core running costs for the organisation. This has been severely eroded over the last two years and currently reserves are extremely low. The next twelve months present an opportunity for a significant improvement on this position and, again, to start building towards the set target of three months core running costs.

#### Plans for future periods

Senscot will continue its activities that can support the social enterprise sector in Scotland. In doing so, it will specifically ensure that it attracts adequate income levels so that it has the capacity to undertake this work. This will include;

- Continue to support LSEs across Scotland over the next three years
- Attract core funding for the organization through sponsorship of the website and other activities
- Work with Social Venture Scotland (SVS) in providing support to growing social enterprises. This will include a brokerage service, pre and aftercare business support and engaging with private individuals and trusts.
- Continue to support the Local People Leading (LPL) campaign through the bulletin, fortnightly 'Briefings' and other activities
- Explore new ventures, with others, that will support the sector in Scotland
- Continue to "spread the word" about social enterprise and social entrepreneurs through speaking at meetings and conferences and by publishing articles.

## **SENSCOT LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the directors should follow best practice and:

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

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement as to the disclosure of information to Auditors**

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Directors**

The directors, who are trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on Page 3.

#### **Auditors**

Gregor Clark & Co, C.A's have expressed their willingness to continue in office as auditors to the company

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting of Charities (issued in March 2005) and in accordance with the provision of Part VII of the Companies Act 1985 relating to small entities.

#### **By order of the board:**

Sophy Copland (Chair)

## **SENSCOT LIMITED**

### **REPORT OF THE AUDITORS**

This report is issued in respect of an audit carried out under section 235 of the Companies Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements of Senscot Ltd for the year ended 31 March 2008 set out on pages 10 to 19. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the members, as a body, in accordance with Section 235 of the Companies Act 1985 and to the charity's directors, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The responsibilities of the directors for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards in Auditing (UK & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charity is not disclosed.

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

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standard on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

## **SENSCOT LIMITED**

### **REPORT OF THE AUDITORS (CONTINUED)**

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

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charity's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Report of Directors is consistent with the financial statements.

Gregor Clark & Co.  
Chartered Accountants & Registered Auditors  
Edinburgh

June 2008

**SENSCOT LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES  
(Including Income & Expenditure Account)  
For the Year Ended 31 March 2008**

	Notes	Unrestricted General Funds £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
<b>Incoming resources</b>					
<b><i>Incoming resources from generated funds:</i></b>					
<i>Voluntary income</i>					
Grants					
Scottish Executive		-	-	-	70,136
Scottish Executive (ESF)		-	-	-	70,260
Communities Scotland		82,150	-	82,150	67,000
Big Lottery		-	9,550	9,550	-
Local People Leading		-	17,000	17,000	-
Esmee Fairbairn		-	-	-	15,000
Other	2	110,624	-	110,624	119,924
		<u>192,774</u>	<u>26,550</u>	<u>219,324</u>	<u>342,320</u>
<i>Investment income</i>	3	16	-	16	412
<b><i>Incoming resources from charitable activities</i></b>	4	8,160	-	8,160	5,078
<b>Total incoming resources</b>		<u><b>200,950</b></u>	<u><b>26,550</b></u>	<u><b>227,500</b></u>	<u><b>347,810</b></u>
<b>Resources expended</b>					
<b><i>Costs of generating funds:</i></b>					
Fundraising costs	5	6,593	-	6,593	18,110
<b><i>Charitable activities:</i></b>					
Support services	5	73,306	26,550	99,856	120,410
Networks	5	99,856	-	99,856	120,411
Promotion & communications	5	53,638	-	53,638	70,243
		<u>233,393</u>	<u>26,550</u>	<u>259,743</u>	<u>329,174</u>
<b>Governance costs</b>	5	8,038	-	8,038	39,851
<b>Total resources expended</b>		<u><b>241,431</b></u>	<u><b>26,550</b></u>	<u><b>267,981</b></u>	<u><b>369,025</b></u>
<b>Net movement in funds</b>		<b>(40,481)</b>	<b>-</b>	<b>(40,481)</b>	<b>(21,215)</b>
<b><i>Reconciliation of funds:</i></b>					
Total funds brought forward		45,222	-	45,222	66,437
<b>Total funds carried forward</b>	16	<u><b>4,741</b></u>	<u><b>-</b></u>	<u><b>4,741</b></u>	<u><b>45,222</b></u>

The statement of financial activities includes all gains and losses recognised in year.  
All incoming resources and resources expended derive from continuing activities.  
The notes at pages 13 to 21 form part of these financial statements.

**BALANCE SHEET**  
**As at 31 March 2008**

	Notes	2008		2007	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	11		14,228		16,472
<b>Current assets</b>					
Debtors and accrued income	12	88,223		93,635	
Cash at bank and in hand		<u>(26,138)</u>		<u>(5,868)</u>	
		62,085		93,635	
<b>Current liabilities</b>					
Creditors falling due within one year	13		<u>(71,572)</u>		<u>(59,017)</u>
<b>Net current assets</b>			(9,487)		28,750
<b>Net assets less current liabilities</b>			4,741		45,222
<b>Net assets</b>			<u>4,741</u>		<u>45,222</u>
<b>The funds of the company</b>					
Unrestricted general income funds			4,741		45,222
Restricted income funds			-		-
	15		<u>4,741</u>		<u>45,222</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board of Directors on ..... and were signed on its behalf by:

Rodney Stares, Director

**SENSCOT LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended 31 March 2008

#### 1. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below:

##### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards, and the Companies Act 1985.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

##### (b) Fund Accounting

- *Unrestricted funds* are funds that can be used in accordance with the objectives of the organisation at the discretion of the directors.
- *Designated funds* are unrestricted funds set aside by the directors for specific future purposes or projects.
- *Restricted funds* are funds that can only be used for particular restricted purposes within the objectives of the organisation. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

##### (c) Incoming resources

All incoming resources are included in the statement of financial activities when the organisation is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the organisation earns the right to consideration by its performance. Income is deferred when performance related grants are received in advance of the performances or event to which they relate.
- Incoming resources from charitable trading activity are accounted for when earned (as related goods and services are provided).

##### (d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. The company is not registered for VAT and accordingly irrecoverable VAT is charged against the category of resources expended to which it relates.

- Costs of generating funds are those costs incurred in attracting voluntary income and the costs incurred in trading activities that raise funds.
- Charitable expenditure comprises those costs incurred by the organisation in the delivery of its activities and services to its beneficiaries. It includes both the direct costs and indirect costs necessary to support these activities.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the organisation and include the audit fees and costs linked to the strategic management of the organisation.
- Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis e.g. estimated usage, staff costs by the time spent.

## SENSCOT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended 31 March 2008

- Costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource.

#### (e) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost of minor additions or those costing below £50 are not capitalised. Depreciation is provided at annual rates calculated to write off the cost of each asset over its expected useful life, as follows:

Office equipment	20% reducing balance
Computer equipment	33.3% straight line
Leasehold improvements	20% reducing balance

#### (f) Legal status

The organisation is a charitable company limited by guarantee and has no share capital. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

#### (g) Pensions

Senscot participates in the Scottish Council for Voluntary Organisations (SCVO) Pension Scheme. The SCVO Pension Scheme is a multi-employer defined benefit scheme. The Trustee commissions an actuarial valuation of the Scheme every 3 years and details of the latest valuation are included at note 8. It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the year under FRS17 represents the employer contribution payable.

#### (h) Going Concern

The financial statements have been drawn up on the going concern basis, which assumes adequate funding will continue to be available and enable the charity to meet its liabilities as they fall due in the foreseeable future.

### 2. Other income

	2008 £	2007 £
<b>General funds:</b>		
Rents receivable	59,279	51,380
Royal Bank of Scotland (Sponsorship)	-	12,000
Other income (FirstPort, SocCap+others)	51,345	45,321
<b>Restricted funds:</b>		
Coalfields Regeneration Trust	-	11,223
	<b>110,624</b>	<b>119,924</b>

### 3. Investment income

Investment income relates to interest earned on bank account.

**SENSCOT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 March 2008**

**4. Incoming resources from charitable activities**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Unrestricted General funds:</b>		
Membership fees	8,160	5,078
	<b>8,160</b>	<b>5,078</b>

**5. Resources expended**

	Generating income	Support services	Network services	Promotions & comms	Govern- ance	Total 2008	Total 2007
	£	£	£	£	£	£	£
<b>Direct costs</b>							
Staff costs	6,170	43,195	43,195	24,682	6,170	123,412	200,520
Pension costs	423	2,960	2,960	1,692	423	8,458	12,645
Travel & subsistence	-	2,955	2,955	2,076	-	7,986	12,590
Consultancy	-	5,627	5,627	3,954	-	15,208	5,010
Audit & accounting fees	-	-	-	-	1,445	1,445	1,375
First Port expenses	-	1,780	1,780	-	-	3,560	30,710
Book Expenses	-	75	75	52	-	202	2,580
Seminar/event exp's	-	13,121	13,121	-	-	26,242	5,059
Exchange & network	-	-	-	-	-	-	18,676
<b>Support costs</b>							
Premises	-	20,754	20,754	14,584	-	56,092	54,121
Cleaning	-	1,644	1,644	1,155	-	4,443	4,840
Telephone	-	1,094	1,094	769	-	2,957	4,376
Postage & stationery	-	1,394	1,394	980	-	3,768	2,841
Bank charges	-	103	103	74	-	280	252
Loan interest	-	279	279	196	-	754	1,152
Subscriptions	-	1,256	1,256	882	-	3,394	2,986
Depreciation	-	1,342	1,342	943	-	3,627	4,854
Repairs & renewals	-	-	-	-	-	-	210
Website costs	-	2,177	2,177	1,530	-	5,884	1,495
Sundry	-	100	100	69	-	269	2,733
	<b>6,593</b>	<b>99,856</b>	<b>99,856</b>	<b>53,638</b>	<b>8,038</b>	<b>267,981</b>	<b>369,025</b>

## SENSCOT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended 31 March 2008

#### 6. Staff costs and numbers

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Salaries and wages	113,507	184,727
Social security costs	9,905	15,793
Pension costs	8,458	12,645
	<b>131,870</b>	<b>213,165</b>

No employee received emoluments of more than £60,000.

The average number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>
Charitable projects	4	6
Administration and support	1	1
	<b>5</b>	<b>7</b>

#### 7. Directors' remuneration & related party transactions

No members of the board of directors received any remuneration during the year. Travel expenses amounting to £142 (2007: £166) were reimbursed to two (2007: four) members of the board of directors.

No director or other person related to the organisation had any personal interest in any contract or transaction entered into by the company during the year (2007 – Nil).

#### 8. Pension scheme

Senscot participates in the Scottish Voluntary Sector Pension Scheme. The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme operated a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate, to September 2007. From October 2007 there are two benefit structures available. These are final salary with a 1/60<sup>th</sup> accrual rate and final salary with a 1/80<sup>th</sup> accrual rate. An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join. Senscot has decided to continue to offer the 1/60<sup>th</sup> accrual benefit structure to employees from October 2007.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns

## SENSCOT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended 31 March 2008

#### 8. Pension scheme (continued)

During the year Senscot paid contributions at the rate of 11.9%. Member contributions were 6.0%. As at the balance sheet date there were 2 active members of the Scheme employed by Senscot. Senscot continues to offer membership of the Scheme to its employees. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Scheme, the accounting charge for the year under FRS17 represents the employer contribution payable. The employer's contributions made to the Scheme in the year were £8,458 (2007 £12,645).

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the "projected unit credit" method. The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2007. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £45.2 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £8 million, equivalent to a past service funding level of 85%. Annual funding updates of the SVSPS Scheme are carried out using approximate actuarial techniques rather than member-by-member calculations, and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

Investment return pre retirement	6.10% pa
Investment return post retirement	4.80% pa
Rate of salary increases	4.00% pa
Rate of pension increases:	
for pensionable service pre 6 April 2005	2.50% pa
for pensionable service post 5 April 2005	2.25% pa
Rate of price inflation	2.50% pa

The market value of the Scheme's assets at the valuation date was £33.2 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £6.7 million (equivalent to a past service funding level of 83%). The long-term joint contribution rate required from employers and members to meet the cost of future benefit accrual was assessed as 20% of pensionable salaries. If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall. In view of the past service shortfall it was agreed that with effect from 1 October 2007 employers contributions would increase to 15.2% of pensionable salaries and that members contributions would increase to 7.5% of pensionable salaries.

Senscot also pay an additional age loading if the average age of their members is higher than the average age of the Scheme membership. This loading applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining, or such earlier date as agreed between the SVSPS Pensions Committee and Scheme Actuary. Senscot pays an age loading of 2%.

## SENSCOT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended 31 March 2008

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2022.

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme-funding directions where it believes that the actuarial valuation and assumptions and/or recovery plan are inappropriate. The Regulator has reviewed the recovery plan for the Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next actuarial valuation of the Scheme will be carried out as at 30 September 2008.

#### 9. Movement in total funds for the year

	2008 £	2007 £
This is stated after charging:		
Depreciation	3,627	4,854
Auditor's remuneration:		
External audit	1,445	1,375

#### 10. Taxation

The company is a registered charity and no provision is considered necessary for taxation.

#### 11. Fixed Assets

	Leasehold Improvements	Computer Equipment	Fixture & Fittings	Total £
<b>Cost</b>				
At 1 April 2007	12,400	7,600	21,559	41,559
Additions	746	99	538	1,383
Disposals	-	-	-	-
At 31 March 2008	<b>13,146</b>	<b>7,699</b>	<b>22,097</b>	<b>42,942</b>
<b>Depreciation</b>				
At 1 April 2007	5,404	7,464	12,219	25,087
Charge for the year	1,548	103	1,976	3,627
Charge on disposal	-	-	-	-
At 31 March 2008	<b>6,952</b>	<b>7,567</b>	<b>14,195</b>	<b>28,714</b>
<b>Net Book Value</b>				
At 31 March 2008	<b>6,193</b>	<b>132</b>	<b>7,902</b>	<b>14,228</b>
At 31 March 2007	6,996	136	9,340	16,472

**SENSCOT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 March 2008**

**12. Debtors falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Debtors	59,466	82,765
Prepayments	10,363	10,870
Accrued Income	18,394	-
	<b>88,223</b>	<b>93,635</b>

**13. Creditors falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank overdraft	26,138	5,868
Accruals and deferred income	1,882	11,472
SIS (Community Finance) Ltd	42,134	32,684
Tax and social security	21,151	7,613
Other creditors	6,405	7,248
	<b>71,572</b>	<b>64,885</b>

**14. Deferred income**

Deferred income comprises grants for expenditure planned in a future accounting period.

	<b>2008</b>
	<b>£</b>
At 1 April 2007	10,000
Released to incoming reserves	(10,000)
Deferred in the year	-
	<b>-</b>
At 31 March 2008	<b>-</b>

## SENSCOT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended 31 March 2008

#### 15. Analysis of net assets between funds

	<b>Total Funds 2007 £</b>	<b>Unrestricted General Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2008 £</b>
Tangible fixed assets	16,472	14,228	-	14,228
Current assets	87,767	62,085	-	62,085
Current liabilities	(59,017)	(71,572)	-	(71,572)
Net assets	<b>45,222</b>	<b>4,741</b>	-	<b>4,741</b>

#### 16. Movement in funds

	<b>At 1 April 2007 £</b>	<b>Incoming Resources £</b>	<b>Outgoing Resources £</b>	<b>At 31 March 2008 £</b>
Unrestricted general funds	45,222	200,950	(241,431)	4,741
Restricted funds	-	26,550	(26,550)	-
Net assets	<b>45,222</b>	<b>227,500</b>	<b>(267,981)</b>	<b>4,741</b>

#### 18. Contingent liabilities

Following a change in legislation relating to pensions in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the Pension Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Senscot has been notified by the Pension Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Scheme as at 30 September 2005. As of this date the estimated employer debt of Senscot was £2,000.

The figure shown above is based on the financial position of the scheme as at 30 September 2005 and is out of date. The figure can therefore only provide an indication of the level of the buy out debt. In practice the actual buy out debt would need to be recalculated at the time of withdrawal.

## **SENSCOT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the Year Ended 31 March 2008**

This calculation would allow for impact of member movements between participating employers and for factors that have occurred since September 2005 (e.g. membership changes, additional accrual, market condition changes etc).