

**SOCIAL ENTREPRENEURS NETWORK SCOTLAND**

(A Company Limited by Guarantee)

---

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

---

Charity no: SC029210

Company Number: SC278156

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**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

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

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010**

The Directors submit their report together with the financial statements for the year ended 31 March 2010.

**Reference and Administrative Information**

Charity name	Social Entrepreneurs Network Scotland (Senscot)
Charity number	SC029210
Company number	SC278156
Registered Office and Operational address	54 Manor Place Edinburgh EH3 7EH
Directors	Sophy Copland (Chair) Elizabeth M Gardiner Rodney C Stares (Treasurer) Steven W Whitton (resigned Sept 2009) Philip Denning John Findlay Foster Evans Leslie Huckfield Jacqueline Dunsmuir (appointed September 2009)
Secretary and Executive Director	Aidan Pia
Senior Statutory Auditor	Gregor P. Clark BA. CA
Auditors	Gregor Clark & Co Chartered Accountants 54 Manor Place Edinburgh EH3 7EH
Bankers	Triodos Bank Brunel House 11 The Promenade Bristol BS8 3NN

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

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (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. 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 1 April 2005. 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 the Office of the Scottish Charity Regulator (SC 029210) 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 eight 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.

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

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (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.

#### **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:

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

1. Connecting and informing social entrepreneurs:
2. Facilitating Networks
3. Developing the Sector

#### **Achievements and performance**

##### *Connecting and informing social entrepreneurs (Core):*

During the year, Senscot continued to pursue the key objectives outlined above. Senscot's core activity focuses on connecting and informing social entrepreneurs and the social enterprise community in Scotland. The main vehicle for this is our weekly bulletin that goes out approx 4,000 recipients across the country. New subscribers average around 50 per month. The website – that includes Networks 1<sup>st</sup> – attracts over 18,000 hits per month (220,000 per year) from around 6,000 individual visitors. The website has continued to attract sponsorship support from Triodos Bank, CCLA amongst others.

##### *Networks` Facilitation:*

Senscot continues to support and help facilitate Social Enterprise Networks (SENs) around the country. We encourage social entrepreneurs to support each other by working together and sharing knowledge and expertise, for mutual benefit. There are currently 19 SENs - 14 geographical and 5 thematic. Support for this activity comes from Scottish Govt and the BIG Lottery. Some highlights during the year included;

- Three year funding from Sportscotland and the Robertson Trust from April 2010 to work specifically in building links between community sports organisations and social enterprise.
- Development of Model Rules (Community Benefit Society) for SENs – in partnership with Co-operative Development Scotland and Burness Solicitors.
- Development of the ReadyforBusiness register for social enterprise to access public sector contract opportunities – in partnership with CEiS and Social Firms Scotland.
- Fifth Social Enterprise Conference/Ceilidh at New Lanark in November 2009.
- Third Fit for Purpose (Social Enterprise and Health) Conference in Perth
- First Creative Social Enterprise Conference in Glasgow

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

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (CONTINUED)**

In addition, Senscot continued to promote access to programmes/funds for SEN members with 36 accessing Aspire to Enterprise support, 42 securing investments via the Third Sector Enterprise or Investment Funds.

#### *Developing the Sector*

A key part of Senscot's activity over the years has been to develop or support new services and/or activities that will bring benefit to social entrepreneurs, social enterprises and the communities they serve. This usually is in response to dialogue with the Networks. This work is done in partnership with others. Examples over the years include DTA Scotland; Scotland unLtd; Social Enterprise Academy; SSEC and Firstport. There has been significant activity over the last twelve months in this area of development with some initiatives coming to fruition whilst, with others, Senscot has elected not to pursue further. These have included;

- Social Venture Scotland – a brokering and support service for those wishing to apply to the Investment Fund. SIS opted to withdraw from the contract with Senscot, CEIS and Forth Sector.
- Social Enterprise Mark – after twelve months of involvement, Senscot withdrew its offer to act as the Scottish Agent for the UK roll-out of the Mark. Having consulted widely in Scotland, the view was that the existing criteria are too weak.
- Local People Leading (LPL) – Senscot is one of 14 Network organisations that continue to support the LPL campaign.
- Senscot Legal Services (SLS) – a feasibility study was carried out during summer/autumn 2009. This led to a successful application to the Third Sector Enterprise Fund. Senscot has now set up a bespoke Legal Service for the social enterprise community and wider third sector that will, itself, operate as a social enterprise.

#### **Financial review**

A small trading surplus of £3,973 arose during the year 2009/10 (2009 – surplus £2,051).

Following a couple of difficult years, in which Senscot expended its reserves in the promotion of various new initiatives and accumulated a high level of debt, a major task during 2009/10 was to stabilize financially. Senscot managed to achieve this goal during the year and is now debt free. The challenge in the year ahead is to begin to build up the organisation's reserves with a targeted surplus of 5% of turnover.

#### Principal funding sources

Principal funding sources for the year under review are: the Scottish Government, the Big Lottery, income generated by the activities of Senscot and sponsors such as the Royal Bank of Scotland PLC, Triodos Bank, CCLA and others. 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.

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

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (CONTINUED)**

#### 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 considered inadequate. The next twelve months will see Senscot building again towards the set target of three months core running costs. This year's interim target is 5% of projected turnover (£25,000).

#### Plans for future periods

Senscot will continue its activities that can support social entrepreneurs and the social enterprise community 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 circulate the weekly bulletin as the main communicator of the social enterprise community in Scotland.
- Continue to support SENs across Scotland and as they mature, encourage them to become more independent.
- Attract core funding for the organisation through sponsorship of the website and other activities
- Continue to support the Local People Leading (LPL) campaign through the bulletin and promotion of its other activities
- Explore new ventures, with others, that will support the sector in Scotland and contribute towards systemic change in how services are delivered to our communities.
- Establish Senscot Legal Services (SLS) as an affordable and accessible service for the wider third sector in Scotland.
- Continue to "spread the word" about social entrepreneurs and social enterprise through speaking at meetings and conferences and by publishing articles.

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

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (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 2006. 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 the Companies Act 2006 relating to small entities.

**By order of the board:**

Rodney Stares, Director

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

**REPORT OF THE AUDITORS FOR THE YEAR ENDED 31 MARCH 2010**

This report is issued in respect of an audit carried out under the Companies Act 2006 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 2010 set out on pages 11 to 21. 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 2008).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 the Companies Act 2006 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 2006, 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 adequate and proper accounting records, if the charity's financial statements are not in agreement with these 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.

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

**REPORT OF THE AUDITORS FOR THE YEAR ENDED 31 MARCH 2010 (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 2010 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 2006, 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 P. Clark BA. CA (Senior Statutory Auditor)  
for and on behalf of Gregor Clark & Co., Statutory Auditors  
Gregor Clark & Co. is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

54 Manor Place  
Edinburgh

2010

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

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Including Income & Expenditure Account)  
For the Year Ended 31 March 2010

	Notes	Unrestricted General Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
<b>Incoming resources</b>					
<b><i>Incoming resources from generated funds:</i></b>					
<i>Voluntary income</i>					
<i>Grants</i>					
Scottish Government		124,028	-	124,028	143,960
Big Lottery		-	146,731	146,731	48,961
Royal Bank of Scotland		-	-	-	15,000
Local People Leading		-	-	-	15,000
Other	2	141,167	-	141,167	112,186
		<u>265,195</u>	<u>146,731</u>	<u>411,926</u>	<u>335,107</u>
<i>Investment income</i>	3	12	-	12	70
<b><i>Incoming resources from charitable activities</i></b>	4	5,673	-	5,673	6,163
<b>Total incoming resources</b>		<b><u>270,880</u></b>	<b><u>146,731</u></b>	<b><u>417,611</u></b>	<b><u>341,340</u></b>
<b>Resources expended</b>					
<b><i>Costs of generating funds:</i></b>					
Fundraising costs	5	11,632	-	11,632	9,243
<b><i>Charitable activities:</i></b>					
Support services	5	91,427	60,878	152,305	124,966
Networks	5	91,427	60,878	152,305	124,965
Promotion & communications	5	58,459	24,975	83,434	69,223
		<u>252,945</u>	<u>146,731</u>	<u>399,676</u>	<u>328,397</u>
<b>Governance costs</b>	5	13,962	-	13,962	10,892
<b>Total resources expended</b>		<b><u>266,907</u></b>	<b><u>146,731</u></b>	<b><u>413,638</u></b>	<b><u>339,289</u></b>
<b>Net movement in funds</b>		<b>3,973</b>	<b>-</b>	<b>3,973</b>	<b>2,051</b>
<b><i>Reconciliation of funds:</i></b>					
Total funds brought forward		6,792	-	6,792	4,741
<b>Total funds carried forward</b>	16	<b><u>10,765</u></b>	<b><u>-</u></b>	<b><u>10,765</u></b>	<b><u>6,792</u></b>

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.

**SOCIAL ENTREPRENEURS NETWORK SCOTLAND**  
**(A Company Limited by Guarantee)**  
**Company Number :SC278156**

**BALANCE SHEET**  
**As at 31 March 2010**

	Notes		
		2010	2009
		£	£
<b>Fixed assets</b>			
Tangible fixed assets	11	11,588	13,037
<b>Current assets</b>			
Debtors and accrued income	12	49,114	54,434
Cash at bank and in hand		-	11,266
		49,114	65,700
<b>Current liabilities</b>			
Bank overdraft		(1,122)	-
Creditors falling due within one year	13	(48,815)	(71,945)
		(49,937)	(71,945)
<b>Net current assets</b>		(823)	(6,245)
<b>Net assets</b>		<b>10,765</b>	<b>6,792</b>
<b>The funds of the company</b>			
Unrestricted general income funds		10,765	6,792
Restricted income funds		-	-
	15	<b>10,765</b>	<b>6,792</b>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 2006 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

The notes at pages 13 to 21 form part of these financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2010**

**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 2006.

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 2006.

**(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.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 March 2010**

- 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.
- 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 Voluntary Sector Pension Scheme. The SVS 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 9. 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. The SVS Pension Scheme closed on 31 March 2010.

**(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.

<b>2. Other income</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>General funds:</b>		
Rents receivable	56,517	57,169
Sponsorship	2,500	15,000
SVS	-	9,854
CEiS – Ready for Business	32,650	-
The Scottish Arts Council	3,000	-
Health Conference	18,000	18,000
Ceilidh	3,200	3,080
Other income	25,300	9,083

141,167	112,186
---------	---------

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended 31 March 2010

**3. Investment income**

Investment income relates to interest earned on bank account.

**4. Incoming resources from charitable activities**

	2010 £	2009 £
<b>Unrestricted General funds:</b>		
Membership fees	5,673	6,163
	<b>5,673</b>	<b>6,163</b>

**5. Resources expended**

	Generating income £	Support services £	Network services £	Promotions & comms £	Govern- ance £	Total 2010 £	Total 2009 £
<b>Direct costs</b>							
Staff costs	11,174	78,775	78,775	45,088	11,174	224,986	175,251
Pension costs	458	3,207	3,207	1,833	458	9,163	9,593
Recruitment	-	454	454	320	-	1,228	719
Travel & subsistence	-	5,062	5,062	3,557	-	13,681	10,275
Project Activity	-	12,736	12,736	8,949	-	34,421	17,989
Audit & accounting fees	-	-	-	-	2,330	2,330	1,650
Book Expenses	-	-	-	-	-	-	2,000
Seminar/event exp's	-	18,368	18,368	-	-	36,736	34,855
<b>Support costs</b>							
Premises	-	22,184	22,184	15,589	-	59,957	58,372
Cleaning	-	1,295	1,295	910	-	3,500	3,432
Telephone	-	2,146	2,146	1,587	-	6,099	3,556
Postage & stationery	-	1,690	1,690	1,111	-	4,271	2,863
Bank charges	-	110	110	77	-	297	1,201
Loan interest	-	366	366	258	-	990	4,707
Subscriptions	-	1,215	1,215	855	-	3,285	2,997
Depreciation	-	1,433	1,433	1,007	-	3,873	3,671
Website costs	-	2,962	2,962	2,081	-	8,005	6,158
Sundry	-	302	302	212	-	816	-
	<b>11,632</b>	<b>152,305</b>	<b>152,305</b>	<b>83,434</b>	<b>13,962</b>	<b>413,638</b>	<b>339,289</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 March 2010**

**6. Staff costs and numbers**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Salaries and wages	206,725	161,402
Social security costs	18,261	13,849
Pension costs	9,163	9,593
	<b>234,149</b>	<b>184,844</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>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
Charitable projects	6	6
Administration and support	1	1
	<b>7</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 £194 (2009: £77) was reimbursed to two (2009: one) 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 (2009 – Nil).

**8. Pension scheme**

Senscot participates in the Scottish Voluntary Sector Pension Scheme (the Scheme). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and was contracted out of the state scheme until 31 March 2010, when the Scheme was closed to future accrual. A new scheme has now opened with Aegon. Senscot will continue to pay a lump sum each year to the Pensions Trust.

The Scheme operated a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate until 30 September 2007. From October 2007 there were two benefit structures available, final salary with a 1/60<sup>th</sup> accrual rate and final salary with an 1/80<sup>th</sup> accrual rate, until the date of Scheme closure on 31 March 2010.

The Scheme closed to future accrual on 31 March 2010. There is currently no intention to wind-up the Scottish Voluntary Sector Pension Scheme and it continues in paid-up form.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended 31 March 2010**

**8. Pension scheme (continued)**

Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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. This is because the scheme is a multi-employer scheme where the scheme assets are co-mingled for investment purposes and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2008, by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the 30 September 2008 was £45.1 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £20.438 million (equivalent to a past service funding level of 68.8%).

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

Investment return pre retirement	6.80% p.a.
Investment return post retirement	4.60% p.a.
Rate of salary increases	4.20% for five years and 4.70% p.a. thereafter
Rate of pension increases:	
for pensionable service pre 6 April 2005	3.00% p.a.
for pensionable service post 5 April 2005	2.30% p.a.
Rate of price inflation	3.20% p.a.

The funding update at the 30 September 2009 revealed that the estimated past service funding level has increased to 70.1%, but the shortfall of assets compared with the value of liabilities has also increased to an estimated £23.36m. This is primarily due to a reduction in the estimated returns from bond assets outweighing positive investment returns over the period concerned.

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.

It was agreed that the following joint contribution rates would be payable until 31 March 2010:

Benefit structure	Joint contribution rate (% of pensionable salaries)
Final salary 1/60 <sup>th</sup> accrual rate	22.7%

	comprising employer contributions of 15.2% and member contributions of 7.5% or employer contributions of 16.7% and member contributions of 6.0%
Final salary 1/80 <sup>th</sup> accrual rate	18.0% comprising employer contributions of 12.0% and member contributions of 6.0%

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended 31 March 2010**

From 1 April 2010 contributions in respect of future service have ceased.

From 1 April 2010 a new recovery plan came into effect, following the finalisation of the 2008 valuation. Under the recovery plan Sencot is required to make lump sum payments of £4,104.00 pa., increasing annually in line with the salary assumption used in the valuation. Further details were provided in correspondence dated June and August 2009.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the entire past service deficit arising from the 2005 and 2008 valuations, on an on-going funding basis, by 31 March 2022. The required level of deficit contributions will fall from 30 September 2018.

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 assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).

The recovery plan from the 2008 valuation has been submitted to the Pensions Regulator. The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer becoming insolvent or 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 the 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.

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

<b>2010</b>	<b>2009</b>
£	£

This is stated after charging:

Depreciation	3,873	3,671
Auditor's remuneration:		
External audit	1,530	1,650

## 10. Taxation

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the Year Ended 31 March 2010

## 11. Fixed Assets

	Leasehold Improvements £	Computer Equipment £	Fixture & Fittings £	Total £
<b>Cost</b>				
At 1 April 2009	13,146	10,039	22,237	45,422
Additions	-	2,158	265	2,423
Disposals	-	-	-	-
At 31 March 2010	<b>13,146</b>	<b>12,197</b>	<b>22,502</b>	<b>47,845</b>
<b>Depreciation</b>				
At 1 April 2009	8,191	8,390	15,804	32,385
Charge for the year	991	1,542	1,339	3,872
At 31 March 2010	<b>9,182</b>	<b>9,932</b>	<b>17,143</b>	<b>36,257</b>
<b>Net Book Value</b>				
At 31 March 2010	<b>3,964</b>	<b>2,265</b>	<b>5,359</b>	<b>11,588</b>
At 31 March 2009	4,955	1,649	6,433	13,037

## 12. Debtors falling due within one year

	2010 £	2009 £
Debtors	33,976	39,679
Prepayments	11,461	9,435
Accrued Income	3,677	5,320
	<b>49,114</b>	<b>54,434</b>

## 13. Creditors falling due within one year

	2010 £	2009 £
Bank overdraft	1,122	-
Accruals and deferred income	30,403	24,481

SIS (Community Finance) Ltd	-	28,756
Tax and social security	7,771	12,628
Other creditors	10,641	6,080
	<b>49,937</b>	<b>71,945</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended 31 March 2010**

**14. Deferred income**

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

	<b>2010</b>
	<b>£</b>
At 1 April 2009	24,481
Released to incoming reserves	(24,481)
Deferred in the year	30,403
At 31 March 2010	<b><u>30,403</u></b>

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

	<b>Total Funds 2009 £</b>	<b>Unrestricted General Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2010 £</b>
Tangible fixed assets	13,037	11,588	-	11,588
Current assets	65,700	49,114	-	49,114
Current liabilities	(71,945)	(49,937)	-	(49,937)
Net assets	<b><u>6,792</u></b>	<b><u>10,765</u></b>	<b><u>-</u></b>	<b><u>10,765</u></b>

**16. Movement in funds**

	<b>At 1 April 2009 £</b>	<b>Incoming Resources £</b>	<b>Outgoing Resources £</b>	<b>At 31 March 2010 £</b>
Unrestricted general funds	6,792	270,880	(266,907)	10,765
Restricted funds	-	146,731	(146,731)	-
Net assets	<b><u>6,792</u></b>	<b><u>417,611</u></b>	<b><u>(413,638)</u></b>	<b><u>10,765</u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended 31 March 2010**

**17. Contingent liabilities**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer becoming insolvent or 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 the 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 2008. As of this date the estimated employer debt of Senscot was £81,000.

The figure shown above is based on the financial position of the scheme as at 30 September 2008 and are therefore 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.

This calculation would allow for factors that have occurred since 30 September 2009 (eg. Membership changes, additional accrual, market conditions changes etc).