

SOCIAL ENTREPRENEURS NETWORK SCOTLAND

(A Company Limited by Guarantee)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

Charity no: SC029210

Company Number: SC278156

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

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SOCIAL ENTREPRENEURS NETWORK SCOTLAND
(A Company Limited by Guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors (who are also trustees under charity law) submit their report together with the financial statements for the year ended 31 March 2013.

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 Green (Chair) Elizabeth Gardiner Rodney Stares (Treasurer) John Findlay Stephen Foster Evans Leslie Huckfield Jacqueline Dunsmuir
Secretary and Executive Director	Aidan Pia
Auditors	Bill Hay Network Ltd t/a Bill Hay & Co Chartered Certified Accountants and Registered Auditors 24a Melville Street Edinburgh EH3 7NS
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 2013 (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 (SC029210).

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 seven 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 also 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 2013 (CONTINUED)

Structure, Governance and Management (continued)

Risk management (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:

1. Connecting and informing social entrepreneurs
2. Facilitation of Social Enterprise 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 continues to go out to approx 4,500 recipients across the country. New subscribers average around 50 per month. The website – that includes Networks 1st – attracts over 20,000 hits per month (244,000 during 2012/13). Over 63,000 individuals accessed Senscot website during the year.

Facilitation of Social Enterprise Networks (SENs):

Senscot continues to help support and 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 22 SENs - 17 geographical and 5 thematic – with a joint membership of over 460 social enterprises. Senscot is funded to carry out this activity by Scottish Government.

Some highlights during the year included;

- Acted as a partner in delivery of Scottish Government's 'Developing New Markets' contract – as part of the ReadyforBusiness Consortium.
- Delivered the 'Supporting Social Enterprise' programme in partnership with Social Enterprise Scotland (SES) and Social Firms Scotland.
- 8th Social Enterprise Conference/Ceilidh at New Lanark in November 2012.
- 5th Fit for Purpose (Social Enterprise and Health) Conference - held in Glasgow

SOCIAL ENTREPRENEURS NETWORK SCOTLAND
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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Achievements and performance (continued)

Facilitation of Social Enterprise Networks (SENs) continued:

- 2nd Social Enterprise and Sport Conference – held in Glasgow
- Founding member – along with Social Enterprise Academy – of Social Enterprise Northern Ireland (SENI)
- Made significant progress in developing closer ties with Third Sector Interfaces – including hosting a series of joint SEN/TSI events.
- 9 SENs now have a bespoke member of staff

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; Social Enterprise Scotland and Firstport. The most recent development in this area has been the establishment of Senscot Legal which began trading in March 2011. Other activities that have been taking place include:

- Established, with others, the Voluntary Code of Practice for Social Enterprises in Scotland.
- Senscot set up a working group to explore the feasibility of establishing a Scottish Community Bank. Funding from the BIG Lottery (Scotland) and Scottish Government supported work to assess the support and appetite for a Community Bank amongst Scotland's third sector (phase 1) – a report has been forwarded to BIG Lottery and Scottish Government requesting support for Phase 2.
- Senscot Legal, set up to provide affordable and accessible legal services to the social enterprise community and wider third sector, completed its second year of trading. To date, Senscot Legal has provided services to over 200 social enterprise/third sector organisations

Financial review

A surplus of £5,141 arose during the year (2012: deficit £15,166).

This last year, although still challenging, showed an improvement on the previous year. Senscot is looking to improve again on this year's financial performance. Senscot Legal Limited's financial performance improved dramatically and Senscot hopes to see this improvement continue with a surplus in 2012/13.

SOCIAL ENTREPRENEURS NETWORK SCOTLAND
(A Company Limited by Guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Financial review (continued)

Principal funding sources

Principal funding sources for the year under review are: the Scottish Government, income generated by the activities of Senscot and sponsors such as the Royal Bank of Scotland PLC and others. Additional funders have included sportscotland, Creative Scotland and The Robertson Trust. 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 well below this target. It is imperative that the next twelve months sees Senscot building again towards the set target of three months core running costs. This year's target is 5% of projected turnover, equivalent to £23k.

Plans for future periods

Senscot will continue its wide range of activities that are designed to support the development and growth of social entrepreneurship and the social enterprise community in Scotland. These activities will include:

- Continue to work in partnership with Social Firms Scotland and Social Enterprise Scotland to support social enterprises at a grassroots level – raising the profile and awareness of SE – using our collective influence and contribution to policy development both nationally and locally.
- Continue to circulate the weekly bulletin as the main communicator for the social enterprise community in Scotland.
- Continue to support SENs across Scotland – not only in providing peer support for the SE community but also in playing an increasingly role in influencing policy at both a local and national level.
- Attract core funding for the organisation through sponsorship of the website and other activities.
- Contribute as a partner to the ReadyforBusiness Consortium in its delivery of the Scottish Government's 'Developing New Markets' Programme.
- Continue to support the Scottish Community Alliance (SCA) 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.
- Continue to promote and support Senscot Legal (SL) as an affordable and accessible service for the wider third sector in Scotland.

SOCIAL ENTREPRENEURS NETWORK SCOTLAND
(A Company Limited by Guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Financial review (continued)

Plans for future periods (continued)

- Continue to “spread the word” about social entrepreneurs and social enterprise through speaking at meetings and conferences and by publishing articles.
- Facilitate, with others, a series of events that include; the annual SE Conference and Ceilidh; joint thematic event; as well as supporting other key SE national events.
- Continue to offer our support and advice to Social Enterprise Northern Ireland (SENI) as it looks to establish its own social enterprise network across Northern Ireland.
- Continue to explore the development of a Scottish Community Bank (Phase 2) – which would include development of a business plan and piloting of specific products.

Statement of Directors' Responsibilities

The directors, who are also trustees of Senscot for the purposes of charity law, are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable 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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation on other jurisdictions.

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

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

September 2013

DRAFT

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF SOCIAL ENTREPRENEURS NETWORK SCOTLAND

We have audited the financial statements of Social Entrepreneurs Network Scotland for the year ended 31 March 2013 on pages 10 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our work has been undertaken so that we might state to the members and the charity's trustees those matters which we are required to state to them in our 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, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors (who are also trustees of the charitable company for the purposes of charity 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Small Entities (Revised)", in the circumstances set out in note 19 to the financial statements.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF SOCIAL ENTREPRENEURS NETWORK SCOTLAND (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Norma Wilson CA (Senior Statutory Auditor)
For and on behalf of Bill Hay Network Ltd t/a Bill Hay & Co, Statutory Auditor
24a Melville Street
Edinburgh
EH3 7NS

September 2013

Bill Hay Network Ltd t/a Bill Hay & Co is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

SOCIAL ENTREPRENEURS NETWORK SCOTLAND
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Including Income & Expenditure Account)
For the Year Ended 31 March 2013

	Notes	Unrestricted General Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
Incoming resources					
<i>Incoming resources from generated funds:</i>					
<i>Voluntary income</i>					
Grants					
Scottish Government		139,000	27,795	166,795	123,000
Big Lottery Fund		-	9,800	9,800	90,033
SportsScotland		32,000	-	32,000	31,000
Ready for Business		55,837	-	55,837	18,703
The Robertson Trust		-	20,000	20,000	25,000
Creative Scotland		7,500	-	7,500	21,500
Royal Bank of Scotland		5,000	-	5,000	5,000
Other Income	2	98,032	-	98,032	94,477
		337,369	57,595	394,964	408,713
<i>Investment income</i>		2	-	2	12
<i>Incoming resources from charitable activities</i>	3	17,084	-	17,084	12,315
Total incoming resources		354,455	57,595	412,050	421,040
Resources expended					
<i>Costs of generating funds:</i>					
Fundraising costs	4	11,660	1,790	13,450	14,226
<i>Charitable activities:</i>					
Support services	4	117,171	31,328	148,499	158,831
Network services	4	132,971	15,528	148,499	158,831
Promotion & communications	4	71,807	7,159	78,966	84,144
		333,609	55,805	389,414	416,032
Governance costs	4	15,705	1,790	17,495	20,174
Total resources expended		349,314	57,595	406,909	436,206
Net income/ (expenditure) for year		5,141	-	5,141	(15,166)
<i>Reconciliation of funds:</i>					
Total funds brought forward		4,310	-	4,310	19,476
Total funds carried forward	16	9,451	-	9,451	4,310

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 11 to 22 form part of these financial statements.

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

BALANCE SHEET
As at 31 March 2013

	Notes	2013		2012	
		£	£	£	£
Fixed assets					
Tangible fixed assets	10		5,275		7,711
Investments	11		1		1
Current assets					
Stocks		2,539		-	
Debtors and accrued income	12	75,370		38,967	
Cash at bank and in hand		983		1,012	
		<u>78,892</u>		<u>39,979</u>	
Current liabilities					
Creditors falling due within one year	13	<u>(74,717)</u>		<u>(43,381)</u>	
Net current assets/ (liabilities)			4,175		(3,402)
Net assets			<u>9,451</u>		<u>4,310</u>
The funds of the company					
Unrestricted general income funds			9,451		4,310
Restricted income funds			-		-
	16		<u>9,451</u>		<u>4,310</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on September 2013 and were signed on its behalf by:

Rodney Stares, Director

The notes at pages 12 to 22 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 2013

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, and the Financial Reporting Standards for Smaller Entities (effective April 2008).

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).
- Investment income relates to interest from bank deposits and is accounted for when receivable.

(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 2013

(d) Resources expended (continued)

- 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 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 SVS Pension Scheme closed on 31 March 2010.

(h) Fixed asset investments

Investments in subsidiaries are stated at cost.

(i) Stock

Stocks of books are stated at the lower of cost or net realisable value.

(j) Consolidation

The group, of which the charity is the parent company, has gross income of less than £500k and accordingly, under the Charities and Trustee Investment (Scotland) Act 2005 and the associated Charities Accounts (Scotland) Regulations 2006, the charity is exempt from preparing group accounts.

(k) Going Concern

The company made a surplus of £5,141 in the year and had unrestricted general funds of £9,451 at the balance sheet date. Forward commitments have been received from funders, in most instances to April 2014 and beyond, and the directors are also pursuing further funding opportunities during the coming year. On the basis that adequate funding will be available to

enable the charity to meet its liabilities as they fall due in the foreseeable future, the directors confirm that the going concern basis of accounting is appropriate.

SOCIAL ENTREPRENEURS NETWORK SCOTLAND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 March 2013

2. Other income

	2013	2012
	£	£
Unrestricted general funds:		
Rents receivable	60,054	58,938
Sponsorship	1,575	3,000
Other income	36,403	32,539
	98,032	94,477

3. Incoming resources from charitable activities

	2013	2012
	£	£
Unrestricted general funds:		
Membership fees	8,969	7,808
Annual conference and ceilidh	8,115	4,507
	17,084	12,315

4. Resources expended

	Generating income	Support services	Network services	Promotions & comms	Governance	Total 2013	Total 2012
	£	£	£	£	£	£	£
Direct costs							
Staff costs	12,342	86,391	86,391	49,366	12,342	246,832	258,971
Pension costs	1,108	7,756	7,756	4,433	1,108	22,161	25,554
Travel & subsistence	-	3,393	3,393	4,526	-	11,312	10,835
Project Activity	-	4,851	4,851	-	-	9,702	12,212
Audit Fee	-	-	-	-	1,720	1,720	1,922
Legal & Consultancy Fees	-	-	-	-	2,325	2,325	4,026
Seminar/event exp's	-	16,752	16,752	-	-	33,504	34,900
Support costs							
Premises	-	20,816	20,816	14,629	-	56,261	61,867
Cleaning	-	1,609	1,609	1,133	-	4,351	3,640
Telephone	-	1,834	1,834	1,289	-	4,957	7,257
Postage & stationery	-	1,267	1,267	891	-	3,425	3,180
Bank charges	-	414	414	293	-	1,121	836
Subscriptions	-	458	458	324	-	1,240	2,398
Depreciation	-	1,040	1,040	732	-	2,812	3,495
Website & IT costs	-	548	548	385	-	1,481	826
Sundry	-	1,370	1,370	965	-	3,705	4,287
	13,450	148,499	148,499	78,966	17,495	406,909	436,206

SOCIAL ENTREPRENEURS NETWORK SCOTLAND
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 March 2013

5. Taxation

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

6. Staff costs and numbers

	2013	2012
	£	£
Salaries and wages	224,082	235,178
Social security costs	22,750	23,793
Pension costs	22,161	25,554
	268,993	284,525

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:

	2013	2012
	£	£
Charitable projects	6	7
Administration and support	2	2
	8	9

7. Directors' remuneration & related party transactions

No members of the board of directors received any remuneration during the year. Travel expenses amounting to £285 (2012: £301) were reimbursed to one (2012: two) member/(s) of the board of directors.

The trustee, Rodney Stares, rents office accommodation from the charity. The rent paid in the year to the charity was £2,180 (2012: £2,180) and the amount due to the charity at the year end was £1,635 (2012: £1,635).

No other 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 (2012 – Nil).

SOCIAL ENTREPRENEURS NETWORK SCOTLAND
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 March 2013

8. Pension scheme (continued)

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.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 30 September 2007. From October 2007 there were two benefit structures available, final salary with a 1/60th accrual rate and final salary with an 1/80th 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. 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.

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 2011, by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the 30 September 2011 was £66.2 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £28.8 million (equivalent to a past service funding level of 69.7%).

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Investment return pre retirement	5.8% p.a.
Investment return post retirement	4.0% p.a.
Rate of salary increases	4.4%
Rate of pension increases:	
for pensionable service pre 6 April 2005	2.4% p.a.
for pensionable service post 5 April 2005	1.9% p.a.
Rate of price inflation (CPI)	2.4% p.a.

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.

From 1 April 2013 a new recovery plan came into effect, following the finalisation of the 2011 valuation. Under the recovery plan Senscot is required to make annual deficit contributions of £3,552 from 1 April 2013, increasing by 3% annually thereafter.

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For the Year Ended 31 March 2013

8. Pension scheme (continued)

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the entire funding shortfall, by 31 March 2028.

A copy of the recovery plan must be sent to the Pensions Regulator after each valuation is finalised. 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 2011 valuation has been submitted to the Pensions Regulator and a response is awaited.

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.

See note 18a) for details of the estimated employer debt on withdrawal from the scheme based on the financial position of the Scheme as at 30 September 2012.

9. Movement in total funds for the year

	2013	2012
	£	£
This is stated after charging:		
Depreciation	2,812	3,495
Auditor's remuneration:		
External audit	1,720	1,922

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For the Year Ended 31 March 2013

10. Fixed Assets

	Leasehold improvements £	Computer equipment £	Office equipment £	Total £
Cost				
At 1 April 2012	13,146	16,573	22,502	52,221
Additions	-	376	-	376
At 31 March 2013	13,146	16,949	22,502	52,597
Depreciation				
At 1 April 2012	10,609	15,004	18,897	44,510
Charge for the year	507	1,584	721	2,812
At 31 March 2013	11,116	16,588	19,618	47,322
Net Book Value				
At 31 March 2013	2,030	361	2,884	5,275
At 31 March 2012	2,537	1,569	3,605	7,711

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For the Year Ended 31 March 2013

11. Fixed Asset Investments

	Shares in group undertakings and participating interests £
Cost	
As at 31 March 2012 and 31 March 2013	1
Net Book Value	
As at 31 March 2012 and 31 March 2013	1

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

	Country of registration or incorporation	Share class held
Subsidiary undertakings		
Senscot Legal Limited	Scotland	Ordinary 100%

The results of the subsidiary undertaking for the year to 31 March 2013 were as follows:.

	Capital and reserves	Profit/(loss)
Principal activity	2013	2013
	£	£
Senscot Legal Limited	(61,744)	(5,047)
	(61,744)	(5,047)

The charity is also a member of Ready for Business Procurement LLP, a limited liability partnership established to deliver a Scottish Government contract, in conjunction with Community Enterprise in Scotland and Social Firms Scotland and sub-contractors. No capital has been contributed to the LLP. The last accounts of the limited liability partnership were for the period from 13 September 2011 to 31 December 2012. The results for the period were £nil and the aggregate capital and reserves at 31 December 2012 were £nil.

12. Debtors falling due within one year

	2013	2012
	£	£
Trade debtors	36,313	10,935
Amounts due from subsidiary	32,366	20,090
Prepayments	5,881	6,441
Accrued income	810	1,501
	75,370	38,967

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13. Creditors falling due within one year

	2013	2012
	£	£
Bank overdraft	21,557	8,489
Tax and social security	17,607	13,978
Other creditors	18,398	17,059
Accruals	2,155	2,116
Deferred income	15,000	1,739
	74,717	43,381

14. Deferred income

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

	2013	2012
	£	£
As at 1 April 2012	1,739	22,507
Released to incoming reserves	(1,739)	(22,507)
Deferred in the year	15,000	1,739
As at 31 March 2013	15,000	1,739

15. Analysis of net assets between funds

	Unrestricted General Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Fixed assets	5,276	-	5,276	7,712
Current assets	78,892	-	78,892	39,979
Current liabilities	(74,717)	-	(74,717)	(43,381)
Net Assets	9,451	-	9,451	4,310

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16. Movement in funds

	At 1 April 2012 £	Incoming resources £	Outgoing resources £	At 31 March 2013 £
Unrestricted general funds	4,310	354,455	(349,314)	9,451
Restricted funds:				
Scottish Community Banking Trust	-	18,800	(18,800)	-
SE and Sports co-ordinator	-	20,000	(20,000)	-
SE and Health co-ordinator	-	15,795	(15,795)	-
Northern Ireland exchange	-	3,000	(3,000)	-
Total restricted funds	-	57,595	(57,595)	-
	4,310	412,050	(406,909)	9,451

Unrestricted funds

Unrestricted general funds are funds which are available for use at the discretion of the directors in furtherance of the objectives of the charity.

Restricted funds

Scottish Community Banking Trust – grants from the BIG Lottery and Scottish Government re the feasibility of establishing a Scottish Community Banking Trust.

SE and Sports co-ordinator – a donation from The Robertson Trust towards the costs of the Social Enterprise and Sports Co-ordinator.

SE and Health co-ordinator – a grant from Scottish Government towards the costs of the Social Enterprise and Health Co-ordinator.

Northern Ireland exchange – a grant from Scottish Government for an exchange visit to Northern Ireland.

17. Contingent liabilities

a) Following a change in pension legislation in September 2005 there is a potential debt on the company which could be levied by the Trustee of the Scottish Voluntary Sector Pension Scheme. The debt is due in the event of the company becoming insolvent or ceasing to participate in the Scheme, or the Scheme winding up.

Senscot has been notified by The Pensions trust of the estimated employer debt on withdrawal from the Scheme as at 30 September 2012. As of this date the estimated employer debt for Senscot was £123,285.

b) The charity has provided a £20,000 guarantee to SIS (Community Finance) Limited in respect of a loan made by that company to Senscot's trading subsidiary company, Senscot Legal Limited. This amount will be payable by Senscot should Senscot Legal Limited be unable to repay the loan on 31 December 2014.

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For the Year Ended 31 March 2013

18. Related party transactions

During the year the charity recharged expenses of £2,451 to, and was charged rent of £3,600 (2012: £2,900) by Senscot Legal Limited, the charity's wholly owned trading subsidiary. The charity also made payments on behalf of, and advanced sums, totalling £13,425 (2012: £46,088) to Senscot Legal Limited and received repayments of £nil (2012: £23,100) by the year end. The amount owing from Senscot Legal Limited as at the balance sheet date was £32,366 (2012: £20,090), this amount being included in debtors. The amount owing is interest free and has no fixed term of repayment.

The charity received income of £55,837 from Ready for Business Procurement LLP, a limited liability partnership in which Senscot is a member. The amount owing from Ready for Business Procurement LLP at the balance sheet date was £5,486.

As stated in note 17(b), above, the company has also provided a £20,000 guarantee to Senscot Legal Limited's lenders.

19. APB Ethical Standards relevant circumstances

The company uses its auditors to assist in the preparation of its financial statements.