

The Scottish Council for Development and Industry (a Company limited by Guarantee)



Scottish Council for  
Development and Industry

# **FINANCIAL REPORT SCDI YEAR-END ACCOUNTS TO 30 SEPTEMBER 2012**



**Company Number: SC24724**

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## **DIRECTORS' REPORT**

To the Members of The Scottish Council for Development and Industry Limited (a company limited by guarantee). The Board of Directors submits its report together with financial statements for the year to 30 September 2012.

### **Principal Activities**

The Council continues to be principally engaged in making representations to Government and others regarding matters of public policy.

### **Financial Commentary**

The financial performance for the year resulted in a surplus of £9,660. Our total income closed on £2,061,604, representing an overall increase of £115,508 on last year. Projects and events performed well during the year and there was an increase in other operating income mainly due to an increase in Business Club Scotland income as a result of more resource being seconded to the project.

The Board will continue to monitor its commitment to the defined benefits pension scheme. This scheme was closed to the accrual of future benefits at 31 December 2004. The Council will continue to contribute to the scheme with additional payments as considered appropriate by the Directors and agreed with the Trustees. There was an actuarial loss of £140,000 this year in connection with the defined benefits scheme.

The reserves are satisfactory.

The Directors continue to promote the Council's activities and to direct its future development.

The directors have reviewed the business forecasts for the period of twelve months from the date of approval of these financial statements and consider the company has adequate resources to continue operations for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Financial Risk Management Objectives and Policies**

The Council does not enter into any hedging transactions.

The Council manages its liquidity and cash flow risks by the constant monitoring of its cash position and projections.

Price risk in financial instruments may exist where their value varies in accordance with interest rate or other market movement.

The Council's financial instruments comprise amounts receivable from debtors and amounts payable to suppliers. All of these balances are held in Sterling and so there is no currency risk.

## **The Scottish Council for Development and Industry (a Company limited by Guarantee)**

### **Financial Risk Management Objectives and Policies (continued)**

None of the financial instruments are subject to any other market movements affecting price risk. In summary, therefore exposure to price risk is not considered material.

The Council monitors credit risk via continual review of balances due from debtors.

### **Auditors**

Baker Tilly UK Audit LLP offers itself for reappointment as auditor in accordance with Section 485(4) of the Companies Act 2006.

### **Statement as to disclosure of information to auditors**

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### **Directors' Responsibilities for the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgments and accounting estimates that are reasonable and prudent;
- (c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

## **The Scottish Council for Development and Industry (a Company limited by Guarantee)**

### **Directors**

The membership of the Board for 2011/2012 is set out below. All Directors served throughout the year except as indicated.

Geoff Aitkenhead	Scottish Water (resigned August 2012)
Robert Armour	Chairman of the Board
Stephen Baxter	Private Member (resigned December 2011)
Sue Bruce	Edinburgh City Council
Brendan Dick	BT Scotland
Bryan Donaghey	Diageo
Bill Drummond	Legal Adviser, Brodies LLP
James Fowlie	COSLA
Trevor Garlick	BP (appointed December 2011)
Jack McLaren	Finance Adviser, Johnston Carmichael LLP
Colin Parker	Aberdeen Harbour Board (appointed December 2011)
John Rendall	HSBC Bank Plc (resigned August 2012)
Malcolm Robertson	Private Member (appointed December 2011)
Lesley Sawers	Chief Executive, SCDI
Nora Senior	Scottish Chambers of Commerce
Duncan Skinner	Chairman, North East Committee (resigned December 2011)
Grahame Smith	STUC
Michael Urquhart	Gordon and MacPhail
Brian Veitch	Arup Scotland
Ian Wall	Private Member

  
**Lesley Sawers**  
Director

18.01.2013  
Date

**1 Cadogan Square, Cadogan Street, Glasgow, G2 7HF**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH COUNCIL FOR DEVELOPMENT AND INDUSTRY LIMITED**

We have audited the financial statements on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

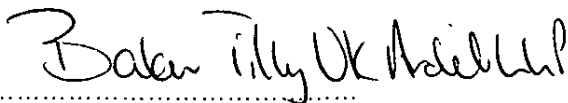
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**The Scottish Council for Development and Industry (a Company limited by Guarantee)**

**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 requires us to report to you if, in our opinion:

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



**ALAN AITCHISON (Senior Statutory Auditor)**

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
274 Sauchiehall Street  
GLASGOW

22/01/13

Date

## PROFIT AND LOSS ACCOUNT

### For the year ended 30 September 2012

	Notes	2012 £	2011 £
Turnover	2	2,012,116	1,916,923
Administrative costs		(2,052,008)	(1,923,588)
Other operating income		49,488	29,173
Operating profit	3	9,596	22,508
Income from investments	4	9,446	10,321
Realised gain on sale of investments		9,618	-
Net interest on pension scheme	5	(19,000)	(2,000)
Profit on ordinary activities before taxation		9,660	30,829
Taxation	7	-	(224)
<b>Profit for the financial year</b>	13	<b>9,660</b>	<b>31,053</b>

The profit for the year arose from the Council's continuing activities.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


### For the year ended 30 September 2012

	Notes	2012 £	2011 £
Profit for the financial year		9,660	31,053
Unrealised gain on investments	9	66,133	5,954
Actuarial (loss) / gain on pension scheme	17	(140,000)	126,000
<b>Total gains and losses since the last financial report</b>		<b>(64,207)</b>	<b>163,007</b>

**BALANCE SHEET**  
**At 30 September 2012**

	Notes	2012 £	2011 £
<b>Fixed Assets</b>			
Tangible Assets	8	67,321	72,646
Investments	9	<u>759,457</u>	<u>679,202</u>
		<u>826,778</u>	<u>751,848</u>
<b>Current Assets</b>			
Debtors	10	253,443	205,171
Cash at Bank and in Hand	15	<u>461,856</u>	<u>322,416</u>
		<u>715,299</u>	<u>527,587</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(770,004)</u>	<u>(508,155)</u>
<b>Net Current Assets/(Liabilities) excluding pension liability</b>		<b>(54,705)</b>	<b>19,432</b>
Pension Liability	17	<u>(392,000)</u>	<u>(328,000)</u>
<b>Net Assets including pension liability</b>		<b>380,073</b>	<b>443,280</b>
<b>Provision for Liabilities and Charges</b>	12	<u>(8,500)</u>	<u>(7,500)</u>
<b>Total Assets</b>		<u><b>371,573</b></u>	<u><b>435,780</b></u>
<b>Revenue Reserve</b>	13	<b>208,626</b>	<b>338,966</b>
<b>Revaluation Reserve</b>	13	<u><b>162,947</b></u>	<u><b>96,814</b></u>
		<u><b>371,573</b></u>	<u><b>435,780</b></u>

The financial statements were approved by the Board and authorised for issue on 18.01.2013

  
Lesley Sawers  
Director

The accompanying Accounting Policies and Notes form an integral part of these financial statements.

**Company Number: SC24724**



## CASHFLOW STATEMENT

For the year ended 30 September 2012

	Notes	2012		2011	
		£	£	£	£
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	14		<b>143,322</b>		<b>(52,385)</b>
<b>Return on Investments</b>					
Interest Received		456		224	
Dividends Received		<u>8,990</u>		<u>10,097</u>	
<b>Net Cash Inflow from Returns on Investments</b>			<b>9,446</b>		<b>10,321</b>
<b>Taxation</b>					
UK Corporation Tax (Paid)			-		-
<b>Capital Expenditure and Financial Investment</b>					
Purchase of Tangible Fixed Assets		(9,284)		(62,875)	
Purchase of Investments		<u>(192,603)</u>		<u>(136,171)</u>	
Sale of investments		<u>188,559</u>		<u>280,739</u>	
<b>Net Cash Inflow from Capital Expenditure and Financial Investment</b>			<b>(13,328)</b>		<b>81,693</b>
<b>Increase in Cash</b>	15		<b><u>139,440</u></b>		<b><u>39,629</u></b>

The accompanying Accounting Policies and Notes form an integral part of these financial statements.

## Notes to the Financial Statements for the year ended 30 September 2012

### 1 Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) under the historical cost convention except that investments are stated at market value. The principal accounting policies of the Council are set out below. The policies have remained unchanged from the previous year.

- (a) The directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results. The directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. For this reason they have adopted the going concern basis in the preparation of the financial statements.
- (b) Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Furniture & Fittings	10%/15%
IT Equipment	20%/25%/50%
- (c) Subscriptions are received throughout the financial year and are credited to the Profit and Loss account when received.
- (d) Project Activities are accounted for when the related administration has been completed.
- (e) Investment Income comprises interest and dividends on listed and unlisted investments received and receivable.
- (f) Deferred tax is recognised on all timing differences where the transactions or events that give the Council an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these balances where appropriate. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.
- (g) Fixed Asset Investments are included at market value.
- (h) All leases are operating leases and the total payments made under them are charged to the Income and Expenditure account on a straight line basis over the lease term.
- (i) Contributions to Pension Funds: the Council operates a defined benefits pension scheme under which contributions by employees and the Council are administered by trustees in a fund which has no connection with the Council's assets. The defined benefits pension scheme was closed to the accrual of further employee contributions at 31 December 2004. The Council will continue to make contributions. The Council implemented a Stakeholder pension scheme from 1 January 2005 under which contributions by employees and the Council are paid. The annual Council contributions payable are charged to the Income and Expenditure account. The Council has fully adopted the accounting and disclosure requirements of FRS17 Retirement Benefits (see note 17).
- (j) Provision is made for liabilities arising in respect of expected dilapidation claims on premises leased by the Council.

## Notes to the Financial Statements for the year ended 30 September 2012 (continued)

### Accounting Policies (continued)

- (k) The financial statements present information about the Council as an individual undertaking and not about its group. The Council and its subsidiary undertaking comprise a small-sized group. The Council has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts.

### 2 Turnover

The turnover is attributable to the principal activity, which is making representations to Government and others regarding matters of public policy and also includes event and project income.

### 3 Operating profit

	2012 £	2011 £
<b>This is stated after charging:</b>		
Auditors' Remuneration	4,463	4,250
Auditors' Remuneration – other fees, for taxation services	4,395	2,465
<b>Operating Lease Rentals:</b>		
Property	50,127	74,689
Motor Vehicles & Equipment	17,410	18,859
<b>Depreciation Tangible Fixed Assets:</b>		
Furniture and Fittings	6,598	2,522
IT Equipment	8,011	5,561
	<u>8,011</u>	<u>5,561</u>

### 4 Income from Investments

	2012 £	2011 £
From Fixed Asset Investments – Listed	8,990	10,097
From Current Asset Investment – Bank Interest	456	224
	<u>9,446</u>	<u>10,321</u>

### 5 Net interest on Pension Scheme

	2012 £	2011 £
Expected return on pension scheme assets	206,000	230,000
Interest costs on pension scheme liabilities	(225,000)	(232,000)
	<u>(19,000)</u>	<u>(2,000)</u>

**The Scottish Council for Development and Industry (a Company limited by Guarantee)**

**6 Staff Costs**

		2012		2011
	Total	Charged to projects	Net staff Costs	
	£	£	£	£
Salaries	918,641	107,902	810,739	784,836
Social Security Costs	106,708	10,991	95,717	91,899
Professional Fees	13,757	-	13,757	14,876
Pension Costs – defined contributions scheme	64,682	5,877	58,805	63,389
Pension Costs – defined benefits scheme	35,000	-	35,000	35,000
	<u>1,138,788</u>	<u>124,770</u>	<u>1,014,018</u>	<u>990,000</u>

The average monthly number of employees, excluding secondees but including contract staff was as follows. The figures are expressed as full-time equivalents:

	2012	2011
Office and Management	<u>24</u>	<u>21</u>

Directors received remuneration of £160,884 (2011 - £118,399) during the year, this includes Council contributions to money purchase pension schemes of £13,999 (2011 - £10,293).

The number of Directors to whom retirement benefits were accruing under money purchase schemes during the year was 1 (2011 – 1).

## Notes to the Financial Statements for the year ended 30 September 2012 (continued)

### 7 Taxation on Profit on Ordinary Activities

In accordance with an agreement with HM Revenue & Customs, Corporation Tax is payable on:

- (a) Interest received on Investments and Dividends from non UK sources
- (b) Net Rental Income, and
- (c) A proportion of any surplus subscription and other income over expenditure.

	2012 £	2011 £
The tax charge is based on the result of the year and represents: Corporation Tax at 25% (2011 – 27%)	-	(224)

#### FRS 19 Reconciliation of current tax charge

	2012 £	2011 £
Profit on ordinary activities before tax	9,660	30,829
Tax on Profit on ordinary activities at standard corporation tax in the UK of 25% (2011 – 27%)	2,415	8,323
Effects of:		
Expenses not deductible for tax purposes	722	3,760
Income not taxable for tax purposes	(2,467)	-
Adjustments to brought forward values	74	-
Defined benefit scheme timing differences	(18,989)	(25,107)
UK dividend income	(1,100)	(1,007)
Tax paid on dividend	-	(224)
Capital allowances in excess of depreciation	1,894	(13,385)
Unrelieved tax losses	17,450	27,416
Other timing differences	1	-
	-	(224)

The Council has trading losses of £486,296 (2011: £416,497) and capital losses of £34,640 (2011: £37,959) available for carry forward against future trading profits and capital gains respectively. The deferred tax asset arising from these losses of £111,848 (2011: £108,289) and £7,968 (2011: £9,869) have not been recognised on the grounds that it may take some time for the losses to be relieved and, as such, the recoverability of the asset is considered relatively uncertain. If these losses are relieved in the future then the asset will be recovered.

## Notes to the Financial Statements for the year ended 30 September 2012 (continued)

### 8 Tangible Fixed Assets

	Furniture and equipment £
<b>Cost</b>	
At 1 October 2011	190,931
Additions	9,284
Adjustment on Disposal	(103,776)
<b>At 30 September 2012</b>	<b><u>96,439</u></b>
<b>Depreciation</b>	
At 1 October 2011	118,285
Charge for the year	14,609
Adjustment on Disposal	(103,776)
<b>At 30 September 2012</b>	<b><u>29,118</u></b>
<b>Net Book Amount at 30 September 2012</b>	<b><u>67,321</u></b>
Net Book Amount at 30 September 2011	<u>72,646</u>

### 9 Fixed Asset Investments

	Shares in Subsidiary Undertaking £	UK Listed Investments £	Cash £	Total £
<b>Market value</b>				
At 1 October 2011	60	542,276	136,867	679,203
Additions at cost	-	193,063	-	193,063
Disposals at opening market value	-	(71,741)	-	(71,741)
Cash outflow	-	-	(107,201)	(107,201)
Revaluation	-	66,133	-	66,133
<b>Market Value at 30 September 2012</b>	<b><u>60</u></b>	<b><u>729,731</u></b>	<b><u>29,666</u></b>	<b><u>759,457</u></b>
Market Value at 30 September 2011	<u>60</u>	<u>542,276</u>	<u>136,867</u>	<u>679,203</u>

The Scottish Council for Development and Industry holds investments of ordinary shares in the following subsidiary:

Name	% of equity shares held	Profit for year ended 30/09/12 £	Capital and reserves at 30/09/12 £
Scottish Council Research Institute Limited	100%	nil	461

The Scottish Council Research Institute Limited is registered in Scotland and was dormant during the year.

**The Scottish Council for Development and Industry (a Company limited by Guarantee)**

**10 Debtors**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade Debtors	<b>133,566</b>	128,261
Other Debtors (see below)	<b>102,865</b>	58,808
Other Prepayments and Accrued Income	<b>17,012</b>	17,878
Tax recoverable	-	224
	<b><u>253,443</u></b>	<b><u>205,171</u></b>

Other Debtors includes expenditure in respect of current Trade and Membership related projects of £99,157 (2011 - £57,390). The ultimate surplus on these projects will be transferred to the Income and Expenditure account when the related administration has been completed.

**11 Creditors: Amounts falling due within one year**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade Creditors	<b>58,460</b>	18,976
Social Security and Other Taxes	<b>49,784</b>	43,629
Other Creditors (see below)	<b>604,379</b>	399,089
Owed to Subsidiary	<b>461</b>	461
Accruals	<b>56,920</b>	46,000
	<b><u>770,004</u></b>	<b><u>508,155</u></b>

Other creditors represent advance income received in respect of Trade and Membership related projects of £604,379 (2011 - £399,089). The ultimate surplus on these projects will be transferred to the Income and Expenditure account when the related administration has been completed.

# Notes to the Financial Statements for the year ended 30 September 2012 (continued)

## 12 Provision for Liabilities and Charges

	Building Maintenance Provision £
At 1 October 2011	7,500
Provided during the year	1,000
<b>At 30 September 2012</b>	<b>8,500</b>

## 13 Reserves

	Revenue Reserve £	Revaluation Reserve £	Total £
At 1 October 2011	338,966	96,814	435,780
Actuarial loss (recognised through STRGL)	(140,000)	-	(140,000)
Surplus for year	9,660	-	9,660
Revaluation of fixed asset investments	-	66,133	66,133
<b>At 30 September 2012</b>	<b>208,626</b>	<b>162,947</b>	<b>371,573</b>

## 14 Reconciliation of Operational Surplus to Net Cash Outflow from Operating Activities

	2012 £	2011 £
Operating profit	9,596	22,508
Depreciation	14,609	8,173
Decrease/(increase) in Debtors	(48,272)	56,562
Increase in Creditors	261,389	59,297
Net pension charge less contributions paid	(95,000)	(95,000)
Increase on Provision for Liabilities and Charges	1,000	(103,925)
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	<b>143,322</b>	<b>(52,385)</b>

## 15 Analysis of Changes in Net Funds

	At 01/10/10 £	Cash Flow £	At 01/10/11 £	Cash Flow £	At 30/09/12 £
Cash at bank and in hand	282,787	39,629	322,416	139,440	461,856
	<u>282,787</u>	<u>39,629</u>	<u>322,416</u>	<u>139,440</u>	<u>461,856</u>

## 16 Capital Commitments

The Council had no capital commitments at 30 September 2012 (30 September 2011 – nil).



## Notes to the Financial Statements for the year ended 30 September 2012 (continued)

### 17 Pension Commitments

The Council operates a defined benefit pension scheme for the benefit of the employees. This scheme was closed to the accrual of future benefits on 31 December 2004. The assets of the scheme are administered by trustees in a fund independent from the assets of the Council. Costs and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuation, using the projected unit method of funding, was carried out at 30 September 2010. At 30 September 2010 the scheme was 69% funded. The deficiency at 30 September 2010 of £1,910,000 is being addressed by the Council contributions agreed with the trustees with a view to recovery within 13 years.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Council.

The current service cost and costs from settlements and curtailments are charged against operating profit. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

The pension cost charge for the year in respect of the defined benefits scheme is £35,000 (2011 - £35,000) (see note 6). For the financial year 2011-2012 the cash contribution from the Council for the defined benefit scheme was £130,000, (2011-£130,000), which has been agreed by the directors, the trustees and the actuary.

The directors have obtained the information required under FRS17 from the scheme's actuary based on an update of the most recent actuarial valuation completed as at 30 September 2012.

The 30 September 2012 mortality assumptions are based on members' individual year of birth and produce a life expectancy of 87.2 years for a male aged 65, and for a male currently aged 45 the life expectancy once they reach 65 is assumed to be 88.2. An increase in life expectancy of 1 year would increase the liabilities by approximately 2.7%.

At the 30 September 2012 the gross redemption yields on long dated AA rated bonds as measured by the yield on the iBoxx £ Non-Gilts AA Index (15+ years) was applied.

The assumptions used by the actuary following instruction from the company as at 30 September 2012 were:

	2012 %	2011 %
Rate of increase for pensions in payment accrued before 5 April 1997	3.00	3.00
Rate of increase for pensions in payment accrued after 5 April 1997	1.80	2.80
Discount rate	4.30	5.10
Inflation (RPI)	2.50	3.00
Inflation (CPI)	1.80	N/A
Increases to deferred pensions before 1 November 2003	5.00	5.00
Increases to deferred pensions after 1 November 2003	1.80	3.00

## Notes to the Financial Statements for the year ended 30 September 2012 (continued)

### 17 Pension Commitments (continued)

The assets in the scheme and the expected long-term rate of return were:

	Rate of Return %	2012 £	Rate of Return %	2011 £
Equities	5.70	2,059,000	6.50	1,755,000
Government Bonds	2.90	910,000	3.40	742,000
Corporate Bonds	4.30	1,316,000	4.20	1,319,000
Property	3.80	204,000	4.40	192,000
Cash	2.90	149,000	3.50	125,000
Total market value of assets	4.60	4,638,000	5.00	4,133,000
Present value of scheme liabilities		<u>5,030,000</u>		<u>4,461,000</u>
(Deficit) in the scheme		(392,000)		(328,000)
Net pension (liability)		<u>(392,000)</u>		<u>(328,000)</u>

The major categories of plan asset, as a percentage of total plan assets are as follows:

	2012 %	2011 %
Equities	44	42
Bonds	48	50
Property	4	5
Cash	3	3

Changes in the present value of the defined benefit obligation are as follows:

	2012 £	2011 £
Movement in the defined benefits obligation		
At start of year	(4,461,000)	(4,718,000)
Current service cost	(35,000)	(35,000)
Interest cost	(225,000)	(232,000)
Actuarial gain/(loss)	(445,000)	416,000
Benefits paid	136,000	108,000
	<u>(5,030,000)</u>	<u>(4,461,000)</u>
	2012 £	2011 £
Movement in the fair value of the scheme assets		
At start of year	4,133,000	4,171,000
Expected return on scheme assets	206,000	230,000
Contributions	130,000	130,000
Actuarial gain/ (loss)	305,000	(290,000)
Benefits paid	(136,000)	(108,000)
Closing fair value of the scheme assets at 30 September	<u>4,638,000</u>	<u>4,133,000</u>

The estimated value of employer contributions for the year ending 30 September 2013 is £133,380.

## Notes to the Financial Statements for the year ended 30 September 2012 (continued)

### 17 Pension Commitments (continued)

Amounts for the current and previous four periods are as follows:

	2012 £	2011 £	2010 £	2009 £	2008 £
Fair value of plan assets at 30 September	4,638,000	4,133,000	4,171,000	3,754,000	3,416,000
Present value of Defined Benefit Obligation at 30 September	(5,030,000)	(4,461,000)	(4,718,000)	(4,216,000)	(3,316,000)
(Deficit)/Surplus in the Plan	(392,000)	(328,000)	(547,000)	(462,000)	100,000
Experience adjustments arising on plan liabilities	54,000	-	(35,000)	39,000	(52,000)
Experience adjustments arising on plan assets	305,000	(290,000)	158,000	153,000	(739,000)

The movement in the deficit during the year on implementation of FRS17 has been reflected in the financial statements as follows:

	2012 £	2011 £
(a) Amount charged to operating profit		
Current service costs and other outgoings	35,000	35,000
(b) Amount charged to other financial income		
Expected returns on pension scheme assets	206,000	230,000
Interest cost on pension scheme liabilities	(225,000)	(232,000)
Net return	(19,000)	(2,000)
(c) Amount recognised in the Statement of Total Recognised Gains and Losses		
Actual returns less expected returns on pension scheme assets	305,000	(290,000)
Experienced gains and losses on pension scheme assets	-	-
Changes in assumptions underlying the scheme liabilities	(445,000)	416,000
Actuarial gain/(loss) in the STRGL	(140,000)	126,000

The cumulative actuarial losses recognised in the statement of total recognised gains and losses at 30 September 2012 was £983,000 (2011 - £843,000).

The actual return on scheme assets was £511,000 gain (2011 - £60,000 loss).

The Council also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Council in an independently administered fund. The pension cost charge represents contributions payable by the Council to the fund and amounted to £58,805 (2011: £68,175) for the year.

**The Scottish Council for Development and Industry (a Company limited by Guarantee)**

**18 Other Financial Commitments**

At 30 September 2012 the Council had gross annual commitments under non-cancellable operating leases as set out below:

	<b>Property</b>		<b>Motor vehicles and equipment</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
In one year or less	-	-	-	3,720
Between one and five years	33,287	33,287	22,714	13,915
In five years or more	-	-	-	556
	<u>33,287</u>	<u>33,287</u>	<u>22,714</u>	<u>18,191</u>