

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



# **The Scottish Council for Development and Industry**

## **REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**



**Company Number: SC24724**

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## **DIRECTORS' REPORT**

To the Members of The Scottish Council for Development and Industry (a Company limited by guarantee). The Board of Directors submits its report together with financial statements for the year to 30 September 2019.

### **Principal Activities**

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

### **Financial Commentary**

The year saw an increase in turnover to £1,828,676 (2018 £1,782,809) and a restoration of operating profit of £43,713 (2018 operating loss £36,931). Investments had a satisfactory performance during the year, with a gain of £7,005 being realised.

Despite the positive result for the year the balance sheet shows a decrease of £873,155, with net liabilities of £599,729, at 30 September 2019, reflecting an increase in the calculated FRS102 pension fund deficit of £809,000 to £1,025,000. This follows a significant fall in corporate bond yields in the year to 30 September 2019, leading to a considerably higher valuation of the Fund's liabilities. The scheme closed to the accrual of future benefits in December 2004 and the Company has agreed a recovery plan contribution to eliminate the deficit in 2039.

We continue to focus on SCDI's core purpose of driving and influencing sustainable inclusive economic growth and ensuring relevance to our members at both a national and regional level. We defined with the support of the SCDI Policy Committee and Board six key policy themes which will drive the competitiveness of the Scottish economy in a globally uncertain world, supporting closing the productivity gap and driving clean growth to deliver further sustainable inclusive economic and social growth. These themes are Innovation, Investment, Skills, Place, Infrastructure and Trade. Underneath these themes are key initiatives and workstreams which are being undertaken to support and fulfil SCDI's Mission.

Key initiatives we are taking forward to support members and drive SCDI's policy influence include focused activity on Brexit, International Trade, UK Industrial Strategy, Rural Economy, Skills, the Fourth Industrial Revolution, Productivity and the Scottish National Investment Bank. We continue our cutting-edge thought leadership and research role by identifying the innovations of tomorrow which ensure we turn the environmental, demographic, mobility and technological challenges we face into clear economic opportunities across national and global markets. Through our ongoing research on the Blue Economy, opportunities of AI and Data on health outcomes, the future of mobility and realising the opportunities of the Fourth Industrial Revolution, Skills for the Future and Clean Growth. We have also successfully launched two pilot SCDI Productivity Clubs funded by the Scottish Government to develop a knowledge share network to drive productivity gains within their own businesses. All these activities will inform the new SCDI Blueprint, our long-term plan for the Scottish economy which will be published in February this year. The Blueprint has been developed collaboratively across all-sectors, all-geographies and our membership and aims to answer the question: 'How can Scotland become a higher performance sustainable inclusive economy?' – by informing, influencing and inspiring Government, key stakeholders and members with evidence-based recommendations and setting the policy agenda for all of SCDI's future activities.

Having considered the Company's financial position, prospects and available financial resources for the period of twelve months from the date of approval of these financial statements the directors have developed a reasonable expectation that the Company will continue to operate as a going concern over the next 12 months. Accordingly the financial statements continue to be prepared under the going concern basis.

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

### **Professional Advisers**

During the year, the professional advisers of SCDI were as follows:

|                        |                                       |
|------------------------|---------------------------------------|
| Auditors               | RSM Audit UK LLP                      |
| Bankers                | Bank of Scotland PLC                  |
| Investment Managers    | Seven Investment Management LLP (7IM) |
| Legal Adviser          | Brodies LLP                           |
| Pension Scheme Actuary | Broadstone Corporate Benefits Ltd     |

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

The Company does not enter into any hedging transactions.

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

### **Auditors**

RSM 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.

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

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.

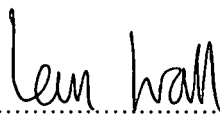
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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)

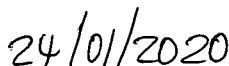
### Directors

The membership of the Board for 2018/2019 is set out below. All Directors served throughout the year except as indicated.

|                     |   |
|---------------------|---|
| Ian Wall            | Chairman of the Board, Private Member                 |
| Joanna Boag-Thomson | Shepherd and Wedderburn LLP (joined 28 August 2019)   |
| Stephen Boyle       | Royal Bank of Scotland (resigned 28 August 2019)      |
| David Cameron       | EDF Energy  |
| Stewart Carruth     | Private Member  |
| Jane Cumming        | Muckle Media  |
| Brendan Dick        | BT Scotland (resigned 19 February 2019)               |
| Lord Andrew Dunlop  | Private Member (resigned 14 November 2019)            |
| James Fowle         | COSLA   |
| Trevor Garlick      | Private Member  |
| Jane Grant          | Edinburgh College (joined 28 August 2019)             |
| David Green         | Private Member (joined 28 August 2019)                |
| Edel Harris         | Cornerstone (resigned 13 September 2019)              |
| Caroline Innes      | East Renfrewshire Council (joined 28 August 2019)     |
| Willie Maltman      | Future Proof Learning                                 |
| Jim McColl          | Clyde Blowers (resigned 15 November 2018)             |
| Wendy Pring         | KCP (joined 11 September 2019)                        |
| Ray Riddoch         | Nexen (resigned 12 February 2019)                     |
| Ian Ritchie         | Coppertop   |
| Malcolm Robertson   | Charlotte Street Partners (resigned 19 February 2019) |
| Malcolm Roughead    | VisitScotland   |
| Graeme Sheils       | Deloitte LLP (joined 28 August 2019)                  |
| Grahame Smith       | STUC  |
| Sara Thiam          | Chief Executive, SCDI (joined 17 June 2019)           |



Ian Wall  
Chairman of the Board



Date

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

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

### Opinion

We have audited the financial statements of The Scottish Council for Development and Industry Limited (the 'Company') for the year ended 30 September 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements including a summary of Significant Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

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

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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

### Use of our report

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.



ALAN AITCHISON (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
GLASGOW  
G2 6HG

05/02/20



## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2019

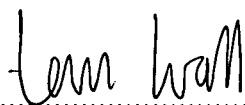
|  | Notes | 2019<br>£        | 2018<br>£       |
|--|-------|------------------|-----------------|
| <b>TURNOVER</b>  | 1     | 1,828,676        | 1,782,809       |
| Administrative expenses  |       | (1,785,002)      | (1,819,779)     |
| Other operating income   |       | 39               | 39              |
| <b>OPERATING PROFIT/(LOSS)</b>                                 | 2     | <u>43,713</u>    | <u>(36,931)</u> |
| Income from investments  | 3     | 14,359           | 17,584          |
| Realised gain on sale of investments                           |       | 7,005            | 66,807          |
| Net interest on pension scheme                                 | 4     | (16,000)         | (7,000)         |
| <b>PROFIT BEFORE TAXATION</b>                                  |       | <u>49,077</u>    | <u>40,460</u>   |
| Taxation   | 7     | -                | -               |
| <b>PROFIT AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR</b> | 14    | <u>49,077</u>    | <u>40,460</u>   |
| <b>OTHER COMPEHENSIVE INCOME (net of tax)</b>                  |       |                  |                 |
| Fair value loss on investments                                 | 10    | (5,232)          | (40,685)        |
| Actuarial loss on defined benefit pension scheme               | 19    | (917,000)        | (51,000)        |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>                   |       | <u>(873,155)</u> | <u>(51,225)</u> |

# STATEMENT OF FINANCIAL POSITION

## As at 30 September 2019

|   | Notes | 2019<br>£        | 2018<br>£      |
|---|-------|------------------|----------------|
| <b>FIXED ASSETS</b>   |       |                  |                |
| Tangible assets   | 8     | 21,941           | 36,210         |
| Intangible assets   | 9     | 56,064           | 38,200         |
| Investments   | 10    | 603,211          | 595,137        |
|   |       | <u>681,217</u>   | <u>669,547</u> |
| <b>CURRENT ASSETS</b>                                       |       |                  |                |
| Debtors due within one year                                 | 11    | 97,542           | 98,027         |
| Cash at bank and in hand                                    | 16    | 86,560           | 122,233        |
|   |       | <u>184,102</u>   | <u>220,260</u> |
| <b>CURRENT LIABILITIES</b>                                  |       |                  |                |
| Creditors: Amounts falling due within one year              | 12    | (409,920)        | (376,279)      |
| <b>NET CURRENT LIABILITIES</b>                              |       | (225,818)        | (156,019)      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                |       | <u>455,399</u>   | <u>513,528</u> |
| Creditors: Amounts falling due after more than one year     |       |                  |                |
| Provisions for liabilities                                  | 13    | (30,128)         | (24,102)       |
| <b>NET ASSETS EXCLUDING PENSION LIABILITY</b>               |       | <u>425,271</u>   | <u>489,426</u> |
| Defined benefit pension scheme liability                    | 19    | (1,025,000)      | (216,000)      |
| <b>NET (LIABILITIES)/ASSETS INCLUDING PENSION LIABILITY</b> |       | <u>(599,729)</u> | <u>273,426</u> |
| <b>CAPITAL AND RESERVES</b>                                 |       |                  |                |
| Revaluation reserve   | 14    | 68,965           | 74,197         |
| Other reserves:   |       |                  |                |
| Profit and loss account                                     | 14    | (668,694)        | 199,229        |
|   |       | <u>(599,729)</u> | <u>273,426</u> |

The financial statements were approved by the board of directors and authorised for issue on 24/10/2020 and are signed on its behalf by:



Ian Wall  
Chairman of the Board

## STATEMENT OF CASHFLOWS

For the year ended 30 September 2019

|  | Notes | 2019            | 2018             |
|--|-------|-----------------|------------------|
|  |       | £               | £                |
| <b>OPERATING ACTIVITIES</b>                                  |       |                 |                  |
| Cash used in operations                                      | 15    | (13,671)        | (143,730)        |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                 |       | <u>(13,671)</u> | <u>(143,730)</u> |
| <b>INVESTING ACTIVITIES</b>                                  |       |                 |                  |
| Purchase of intangible assets                                |       | (29,051)        | (40,975)         |
| Purchase of tangible fixed assets                            |       | (1,008)         | (3,471)          |
| Purchase of investments                                      |       | (112,538)       | (190,832)        |
| Sale of investments  |       | 104,991         | 383,825          |
| Dividends received from trading investments                  |       | 14,359          | 17,126           |
| Interest received  |       | -               | 460              |
| Movement in investment cash                                  |       | <u>1,245</u>    | <u>(1,887)</u>   |
| <b>NET CASH (USED IN)/FROM INVESTING ACTIVITIES</b>          |       | (22,002)        | 164,246          |
| <b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b> |       | <u>(35,673)</u> | <u>20,516</u>    |
| <b>AT BEGINNING OF YEAR</b>                                  |       | 122,233         | 101,717          |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>              |       | <u>86,560</u>   | <u>122,233</u>   |

## **ACCOUNTING POLICIES**

### **For the year ended 30 September 2019**

#### **GENERAL INFORMATION**

The Scottish Council for Development and Industry is a Company limited by guarantee, and is registered, domiciled and incorporated in Scotland - Company Number SC24724.

The address of the Company's registered office and principal place of business is 1 Cadogan Square, Cadogan Street, Glasgow, G2 7HF.

The Company's principal activities continue to be principally engaged in making representations to Government and others regarding matters of public policy.

#### **BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

The principal accounting policies of the Company are set out below. The policies have remained unchanged from the previous year.

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.

- (a) Subscriptions are received throughout the financial year and are credited to the Profit and Loss account when received.
- (b) Project Activities are accounted for when the activities are completed.
- (c) Investment Income comprises interest and dividends on listed and unlisted investments received and receivable.
- (d) Current Tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred Tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

## ACCOUNTING POLICIES (continued)

### For the year ended 30 September 2019

- (e) Tangible Fixed Assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. 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% straight line       |
| IT Equipment         | 20% / 25% / 50% straight line |

Intangible Fixed Assets are classified as assets on the Statement of Financial Position and amortised over their estimated useful lives. Amortisation is recognised so as to write off the cost of the assets over their useful lives on the following basis:

|                   |                         |
|-------------------|-------------------------|
| Website/CRM Costs | 10% / 20% straight line |
|-------------------|-------------------------|

- (f) Fixed Asset Investments are included at market value. Unrealised gains and losses and movements are recognised each year through the Statement of Comprehensive Income and Revaluation Reserve.
- (g) Financial Instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.
- (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 Company operates a defined benefits pension scheme under which contributions by employees and the Company are administered by trustees in a fund which has no connection with the Company's assets. The defined benefits pension scheme was closed to the accrual of further employee contributions at 31 December 2004. The Company will continue to make contributions. The Company implemented a Stakeholder pension scheme from 1 January 2005 under which contributions by employees and the Company are paid. The annual Company contributions payable are charged to the Income and Expenditure account. The Company has fully adopted the accounting and disclosure requirements of FRS102 Retirement Benefits (see note 19).
- (j) Provision is made for liabilities arising in respect of expected dilapidation claims on premises leased by the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 September 2019

#### 1 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 events and project income.

#### 2 Operating profit/(loss)

|  | 2019<br>£     | 2018<br>£    |
|--|---------------|--------------|
| <b>This is stated after charging:</b>                      |               |              |
| Auditors' Remuneration                                     | 5,750         | 5,750        |
| Auditors' Remuneration – other fees, for taxation services | 2,300         | 2,210        |
| <b>Operating Lease Rentals:</b>                            |               |              |
| Property   | 38,431        | 38,517       |
| Motor Vehicles & Equipment                                 | 1,759         | 8,184        |
| <b>Depreciation Tangible Fixed Assets:</b>                 |               |              |
| Furniture and Fittings                                     | 5,489         | 5,566        |
| IT Equipment   | 9,788         | 10,837       |
| <b>Amortisation Intangible Fixed Assets:</b>               |               |              |
| Website/CRM  | <u>11,187</u> | <u>2,775</u> |

#### 3 Income from Investments

|   | 2019<br>£     | 2018<br>£     |
|---|---------------|---------------|
| From Fixed Asset Investments – Listed         | 14,572        | 17,124        |
| From Current Asset Investment – Bank Interest | -             | 2             |
| Other   | (213)         | 458           |
|   | <u>14,359</u> | <u>17,584</u> |

#### 4 Net interest on Pension Scheme

|  | 2019<br>£       | 2018<br>£      |
|--|-----------------|----------------|
| Expected return on pension scheme assets     | 196,000         | 196,000        |
| Interest costs on pension scheme liabilities | (212,000)       | (203,000)      |
|  | <u>(16,000)</u> | <u>(7,000)</u> |

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 September 2019 (continued)

#### 5 Employees

The average monthly number of persons, employed by the Company during the year was:

|                       | 2019      | 2018      |
|-----------------------|-----------|-----------|
| Office and Management | <u>23</u> | <u>19</u> |

Staff costs for the above persons:

|  | 2019           | 2018             |
|--|----------------|------------------|
|  | Total          | Total            |
|  | £              | £                |
| Net Staff Costs                              |                |                  |
| £  |                |                  |
| Charged to projects                          |                |                  |
| £  |                |                  |
| Salaries                                     | 503,675        | 280,214          |
| Redundancy/Ex-Gratia Costs                   | -              | -                |
| Social Security Costs                        | 57,338         | 27,934           |
| Professional Fees                            | 7,322          | -                |
| Pension Costs – defined contributions scheme | 49,802         | 26,879           |
| Pension Costs – defined benefits scheme      | 31,728         | -                |
|  | <u>649,865</u> | <u>*335,027</u>  |
|  | 783,889        | 869,478          |
|  | -              | 45,600           |
|  | 85,272         | 100,270          |
|  | 7,322          | 10,144           |
|  | 76,681         | 82,491           |
|  | 31,728         | 30,900           |
|  | <u>984,892</u> | <u>1,138,884</u> |

Charged to projects relates to staff costs that are directly charged to projects.

#### 6 Remuneration of Key Management Personnel

The total remuneration of the directors and the area managers of each division who are considered to be the key management personnel of the Company was £32,296 including employer's national insurance of £2,987 (2018 - £161,509).

#### 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.

|   | 2019     | 2018     |
|---|----------|----------|
|   | £        | £        |
| The tax charge is based on the result of the year and represents: |          |          |
| Corporation Tax at 19.00% (2018 – 19.00%)                         | -        | -        |
| Adjustment for prior year   | <u>-</u> | <u>-</u> |
|   | <u>-</u> | <u>-</u> |

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 September 2019 (continued)

#### 7 Taxation on Profit on Ordinary Activities (continued)

##### FRS 19 Reconciliation of current tax charge

|   | 2019<br>£     | 2018<br>£     |
|---|---------------|---------------|
| Profit on ordinary activities before tax  | <u>49,077</u> | <u>40,460</u> |
| Tax on Profit on ordinary activities at standard CT rate of 19.00%<br>(2018 – 19.00%) | 9,325         | 7,687         |
| <i>Effects of:</i>  |               |               |
| Fixed asset differences   | 466           | 475           |
| Expenses not deductible for tax purposes  | 1,012         | 2,408         |
| Income not taxable for tax purposes   | (1,331)       | (12,693)      |
| Adjustments to brought forward values   | -             | -             |
| Amounts (charged)/credited directly to SOCE or otherwise<br>Transferred               | (174,230)     | (9,650)       |
| Losses carried back   | -             | -             |
| Exempt dividend income  | (886)         | (1,129)       |
| Chargeable gains/(losses)   | -             | 7,714         |
| Adjustments to tax charge in respect of previous periods                              | -             | -             |
| Capital allowances in excess of depreciation  | -             | -             |
| Defined benefit scheme timing differences   | -             | -             |
| Adjust closing deferred tax to average rate of 19.50%                                 | 37,040        | 19,593        |
| Adjust opening deferred tax to average rate of 19.50%                                 | (19,604)      | (19,047)      |
| Utilisation of tax losses and other deductions  | -             | -             |
| Deferred tax not recognized   | 148,208       | 4,641         |
| Rounding  | -             | 1             |
| Unexplained difference  | -             | -             |
| Tax charge/(credit) for the period  | <u>-</u>      | <u>-</u>      |

The Company has trading losses of £877,694 (2018: £826,212) and capital losses of £nil (2018: £nil) available for carry forward against future trading profits and capital gains respectively. The deferred tax asset arising from these losses of £140,590 (2018: £129,912) has 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 2019 (continued)

#### 8 Tangible Fixed Assets

|   | Furniture<br>and<br>equipment<br>£ |
|---|------------------------------------|
| <b>Cost</b>                                 |                                    |
| At 1 October 2018                           | 154,927                            |
| Additions                                   | 1,008                              |
| Adjustment on Disposal                      | (58,951)                           |
| <b>At 30 September 2019</b>                 | <b><u>96,984</u></b>               |
| <b>Depreciation</b>                         |                                    |
| At 1 October 2018                           | 118,717                            |
| Charge for the year                         | 15,277                             |
| Adjustment on Disposal                      | (58,951)                           |
| <b>At 30 September 2019</b>                 | <b><u>75,043</u></b>               |
| <b>Carrying Amount at 30 September 2019</b> | <b><u>21,941</u></b>               |
| Carrying Amount at 30 September 2018        | <u>36,210</u>                      |

#### 9 Intangible Fixed Assets

|   | Website/<br>CRM<br>£ |
|---|----------------------|
| <b>Cost</b>                                 |                      |
| At 1 October 2018                           | 40,975               |
| Additions                                   | 29,051               |
| <b>At 30 September 2019</b>                 | <b><u>70,026</u></b> |
| <b>Amortisation</b>                         |                      |
| At 1 October 2018                           | 2,775                |
| Charge for the year                         | 11,187               |
| <b>At 30 September 2019</b>                 | <b><u>13,962</u></b> |
| <b>Carrying Amount at 30 September 2019</b> | <b><u>56,064</u></b> |
| Carrying Amount at 30 September 2018        | <u>38,200</u>        |

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 September 2019 (continued)

#### 10 Fixed Asset Investments

|  | UK Listed<br>Investments<br>£ | Cash<br>£    | Total<br>£     |
|--|-------------------------------|--------------|----------------|
| <b>Market value</b>                          |                               |              |                |
| At 1 October 2018                            | 586,339                       | 8,798        | 595,137        |
| Additions at cost                            | 112,538                       | -            | 112,538        |
| Disposals at opening market<br>value         | (97,987)                      | -            | (97,987)       |
| Cash outflow                                 | -                             | (1,245)      | (1,245)        |
| Valuation changes                            | (5,232)                       | -            | (5,232)        |
| <b>Market Value at 30 September<br/>2019</b> | <b>595,658</b>                | <b>7,553</b> | <b>603,211</b> |

#### 11 Debtors

|                           | 2019<br>£     | 2018<br>£     |
|---------------------------|---------------|---------------|
| Trade Debtors             | 39,966        | 63,447        |
| Other Debtors (see below) | 31,968        | 8,376         |
| Income Tax Recoverable    | -             | 213           |
| Vat Debtor                | 3,773         | 540           |
| Prepayments               | 21,835        | 25,451        |
|                           | <b>97,542</b> | <b>98,027</b> |

Other Debtors includes expenditure in respect of current Trade and Membership related projects of £25,500 (2018 - £8,376). The ultimate surplus on these projects will be transferred to the Income and Expenditure account when the activities are completed.

#### 12 Creditors: Amounts falling due within one year

|                                 | 2019<br>£      | 2018<br>£      |
|---------------------------------|----------------|----------------|
| Trade Creditors                 | 62,567         | 46,117         |
| Social Security and Other Taxes | 25,190         | 25,050         |
| Other Creditors (see below)     | 288,552        | 269,884        |
| Accruals                        | 33,611         | 35,229         |
|                                 | <b>409,920</b> | <b>376,279</b> |

Other creditors represent advance income received in respect of Trade and Membership related projects of £288,552 (2018 - £269,884). The ultimate surplus on these projects will be transferred to the Income and Expenditure account when the activities are completed.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 September 2019 (continued)

#### 13 Provision for Liabilities and Charges

|                                      | Building<br>Maintenance<br>Provision<br>£ |
|--------------------------------------|---|
| At 1 October 2018                    | 24,102                                    |
| Additional Provision during the year | 6,026                                     |
| Dilapidation Costs Paid              | -   |
| <b>At 30 September 2019</b>          | <b>30,128</b>                             |

#### 14 Reserves

|  | Profit and<br>Loss<br>Account<br>£ | Revaluation<br>Reserve<br>£ | Total<br>£       |
|--|------------------------------------|-----------------------------|------------------|
| At 1 October 2018                        | 199,229                            | 74,197                      | 273,426          |
| Actuarial loss (recognised through SOCI) | (917,000)                          | -                           | (917,000)        |
| Surplus for year                         | 49,077                             | -                           | 49,077           |
| Revaluation of fixed asset investments   | -                                  | (5,232)                     | (5,232)          |
| <b>At 30 September 2019</b>              | <b>(668,694)</b>                   | <b>68,965</b>               | <b>(599,729)</b> |

#### 15 Reconciliation of Profit After Tax to Net Cash Used In Operations

|  | 2019<br>£       | 2018<br>£        |
|--|-----------------|------------------|
| Profit/loss after tax                                    | 43,713          | (36,931)         |
| Adjustments for:   |                 |                  |
| Depreciation of tangible fixed assets                    | 15,277          | 16,403           |
| Amortisation of intangible fixed assets                  | 11,187          | 2,775            |
| Defined benefit pension schemes                          | (124,000)       | (123,018)        |
| Increase in provisions                                   | 6,026           | 6,025            |
|  | <b>(47,797)</b> | <b>(134,746)</b> |
| Operating cash flows before movements in working capital |                 |                  |
| Decrease/(Increase) in trade and other debtors           | 485             | (32,120)         |
| Increase/(Decrease) in trade and other creditors         | 33,641          | 23,136           |
|  | <b>(13,671)</b> | <b>(143,730)</b> |
| Cash used in operations                                  |                 |                  |

#### 16 Analysis of Changes in Net Funds

|                             | At<br>01/10/17<br>£ | Cash Flow<br>£ | At<br>01/10/18<br>£ | Cash Flow<br>£  | At<br>30/09/19<br>£ |
|-----------------------------|---------------------|----------------|---------------------|-----------------|---------------------|
| Cash at bank and<br>in hand | 101,717             | 20,516         | 122,233             | (35,673)        | 86,560              |
|                             | <b>101,717</b>      | <b>20,516</b>  | <b>122,233</b>      | <b>(35,673)</b> | <b>86,560</b>       |

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 September 2019 (continued)

#### 17 Capital Commitments

The Company had no capital commitments at 30 September 2019 (30 September 2018 – nil).

#### 18 Related Party Transactions

During the year, no transactions with related parties were undertaken such as required to be disclosed under Financial Reporting Standard FRS 102 Section 33 (2018 – Nil). As at the year-end there was nil outstanding (2018 – nil).

#### 19 Retirement Benefits

The Company sponsors the fund which is a defined benefit pension plan. It is a separate trustee administered entity holding assets to meet long term pension liabilities. The last formal actuarial valuation of the Fund was carried out as at 30 September 2016 by a qualified independent actuary.

The results of the triennial valuation as at 30 September 2016 showed a deficit of £3,577,000. The next triennial valuation results relate to the period to 30 September 2019. The Company has agreed with the Trustees to target removal of this deficit over a period of 23 years and 2 months from 1 October 2016 by payment of regular contributions of £117,650 per annum from October 2016 increasing in line with the Consumer Price Index (CPI) each year.

**The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:**

|   | 2019<br>%  | 2018<br>%   |
|---|--|---|
| Discount rate   | 1.80% p.a.   | 2.90% p.a.  |
| Retail price inflation  | 3.15% p.a.   | 3.30% p.a.  |
| Consumer price inflation                                      | 2.15% p.a.   | 2.30% p.a.  |
| Rate of inflation-linked revaluation of pensions in deferment | 2.15% p.a.   | 2.30% p.a.  |
| Rate of inflation-linked pensions in payment increases        | 2.05% p.a.   | 2.20% p.a.  |
| Cash commutation  | 100%<br>commute  | 100%<br>commute   |
| Post retirement mortality                                     | 25% of<br>pension,<br>90%<br>S2PMA/100%<br>S2PFA<br>tables,<br>CMI_2018<br>(0.5%)<br>projections | 25% of<br>pension<br>90%<br>S2PMA/100%<br>S2PFA<br>tables,<br>CMI_2017<br>(1.0%)<br>projections |

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 September 2019 (continued)

#### 19 Pension Commitments (continued)

|  | 2019<br>£'000  | 2018<br>£'000  |
|--|----------------|----------------|
| <b>Amounts recognised in Profit or Loss</b>                            |                |                |
| Current service cost   | 32             | 31             |
| Interest cost  | 201            | 203            |
| Interest income  | (196)          | (196)          |
| Fund changes GMP equalisation  | 11             |                |
| Total amount recognized  | <u>48</u>      | <u>38</u>      |
| <b>Amounts recognised in Balance Sheet</b>                             |                |                |
| Fair value of fund assets  | 7,178          | 6,831          |
| Present value of defined benefit obligation                            | <u>(8,203)</u> | <u>(7,047)</u> |
| (Deficit) in Fund  | <u>(1,025)</u> | <u>(216)</u>   |
| Unrecognised surplus   | 0              | 0              |
| (Liability) recognised   | <u>(1,025)</u> | <u>(216)</u>   |
| Related deferred tax asset   | 0              | 0              |
| Net (liability)  | <u>(1,025)</u> | <u>(216)</u>   |
| <b>Amounts taken to Other Comprehensive Income</b>                     |                |                |
| Return on Fund assets less interest income                             | 286            | (59)           |
| Experience gains and losses arising on the Scheme's liabilities        | (132)          | (24)           |
| Impact of changes in actuarial assumptions on the Scheme's liabilities | <u>(1,071)</u> | <u>32</u>      |
| Total amount taken   | <u>(917)</u>   | <u>(51)</u>    |

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 September 2019 (continued)

#### 19 Pension Commitments (continued)

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| <b>Changes in the present value of the defined benefit obligation</b> |               |               |
| Opening defined benefit obligation                                    | 7,047         | 7,114         |
| Current service cost  | 32            | 31            |
| Employee contributions  | 0             | 0             |
| Interest cost   | 201           | 203           |
| Actuarial losses/(gains)  | 1,203         | (8)           |
| Fund changes GMP equalisation   | 11            | 0             |
| Benefits and expenses paid  | (291)         | (293)         |
| Closing defined benefit obligation                                    | 8,203         | 7,047         |
| <b>Changes in the fair value of Fund Assets</b>                       |               |               |
| Opening fair value of Fund assets                                     | 6,831         | 6,835         |
| Interest income   | 196           | 196           |
| Return on Fund assets less interest income                            | 286           | (59)          |
| Employer contributions  | 156           | 152           |
| Benefits and expenses paid  | (291)         | (293)         |
| Closing fair value of Fund assets                                     | 7,178         | 6,831         |
| <b>Fair value of Fund assets</b>                                      |               |               |
| Equities  | 1,362         | 1,516         |
| Bonds   | 4,761         | 4,374         |
| Property  | 422           | 419           |
| Cash & Other  | 633           | 522           |
| Total fair value of Fund assets                                       | 7,178         | 6,831         |

None of the Fund assets include any direct investment in the Company's own financial instruments or any property occupied by, or other assets used by, the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 September 2019 (continued)

#### 19 Pension Commitments (continued)

The Company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £49,802 (2018: £57,471) for the year.

#### 20 Other Financial Commitments

The Company's total future minimum payments due over the lease term under non-cancellable operating leases at 30 September 2019 are as set out below:

|   | Land &<br>Buildings | Other        | Land &<br>Buildings | Other         |
|---|---------------------|--------------|---------------------|---------------|
|   | 2019                |              | 2018                |               |
|   | £                   | £            | £                   | £             |
| Within one year                           | 38,430              | 1,759        | 39,019              | 5,209         |
| In the second to fifth years<br>inclusive | 30,955              | 885          | 70,449              | 4,931         |
| After five years                          | -                   | -            | -                   | -             |
|   | <u>69,385</u>       | <u>2,644</u> | <u>109,468</u>      | <u>10,140</u> |