

Charity registration number SC009534 (Scotland)

Company registration number SC163812 (Scotland)

DOVETAIL ENTERPRISES (1993) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



DOVETAIL ENTERPRISES (1993) LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Councillor G McIrvine	
Councillor M G Flynn	(Appointed 23 May 2022)
Councillor J B Finnegan	(Appointed 23 May 2022)
Councillor H J D Anderson	(Appointed 23 May 2022)
Mr Michael D Laidlaw	(Appointed 7 December 2023)

Secretary

Blackadders LLP

Charity number (Scotland)

SC009534

Company number

SC163812

Registered office

Dunsinane Industrial Estate
Dundee
DD2 3QN

Auditor

Bird Simpson & Co
144 Nethergate
Dundee
DD1 4EB

Bankers

The Royal Bank of Scotland
3 High Street
Dundee
DD1 9LY

DOVETAIL ENTERPRISES (1993) LIMITED

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DOVETAIL ENTERPRISES (1993) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2023

The Trustees present their annual report and financial statements for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and activities

The charity's principal object is the provision of training and employment for blind, visually impaired and other disabled persons. The charity aims to achieve this by providing a working environment suitable for such persons and to secure a regular flow of work from customers to provide ongoing employment and there has been no change in these aims during the year.

The Trustees have paid due regard to guidance issued by the Office of the Scottish Charity Regulator in deciding what activities the charity should undertake.

The charity has continued to provide employment for 50 full time employees, 19 of whom are approved disabled workers.

Achievements and performance

2023 will hopefully turn out to be a transformative year for Dovetail. The first quarter of 2023 was dominated by concerns about the ongoing trading situation, which was impacting on our ability to progress with the recruitment of a new Chief Executive. Stephen Lynch, who had voluntarily undertaken this role over an 18-month period, notified the Board in February 2023 that he was standing down. The Board is deeply grateful for the considerable support and energy Stephen brought to the role and acknowledge the improvements in performance and customer service which he initiated.

We are also extremely grateful for additional funding of £100,000 from Dundee City Council in February 2023 and £75,000 additional funding from the Northwood Trust in March 2023. These additional funds underpinned a process of internal restructuring and investment which have dominated the year.

In March 2023, with funding through Scottish Enterprise, the Board commissioned an options paper produced by Interpath Advisory. The findings of the report were sobering and informed much of the work undertaken since. Garry Laing was appointed as the Acting General Manager in early April 2023 and Scottish Enterprise appointed an Account Manager to assist the business through this period of transition.

HR Booth were appointed in June 2023 to work with the leadership team to undertake a full review of staff terms of employment and working conditions. This exercise, together with the production of a comprehensive Staff Handbook, has been welcomed by staff. HR Booth continue to work with Dovetail to provide HR support on an ongoing basis.

Scottish Enterprise support has facilitated applications for both capital investment in key machinery and supplementary support for the recruitment of a Business Development Manager to be accessed.

As we approach the year end, the trading situation has improved and we are poised to recruit both a new General Manager and a Business Development Manager. Whilst disappointed that the accounts show a loss for the year, we as trustees are satisfied that the underlying trading performance is improving. Scottish Enterprise's support has been invaluable. We are, as always, indebted to our funders for their continued commitment to ensuring that Dovetail continues to do what it does best – produce very high quality goods whilst giving people who are normally disadvantaged in the employment market an opportunity to be gainfully employed and enjoy the dignity of meaningful work which makes a difference.

DOVETAIL ENTERPRISES (1993) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Financial review

The charity seeks to operate within its budgeted deficit so as to avoid a deficit after local and central government funding, excluding any adjustments to the defined benefit scheme pension liability. In the year under review the non-designated funds deficit after funding was £103,421 (2022 - £241,388). This result was after an additional charge towards funding the pension scheme of £156,208 (2022 - £218,797).

During the year the pension fund remained in surplus resulting in a year end pension fund surplus of £3,991,152 (2022 - £806,949). In line with FRS 102 this surplus is not recognised in the financial statements.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The Trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. Due to the ongoing trading position, it has not been possible to maintain this level of reserves throughout the year.

The Trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks. Maintaining a positive cash flow and having access to sufficient working capital is critical to ongoing operations and the future growth of the organisation.

Going concern

Detailed cash flow projections have been prepared and are discussed on a monthly basis at Board level and reviewed weekly at an operational level. As noted in Note 1.2 the Board do expect an upturn in the results of the company and the projections show a small surplus for financial year 2023/24 and show adequate cash resources still available at December 2024.

Plans for future periods

Thanks to generous and continuing financial support from Northwood Trust, Dundee City Council and Scottish Enterprise, Dovetail will continue to work through this period of transformation.

Recruitment for a Business Development Manager to assist with sales is now underway and the redesign of the senior management team will continue. The HR policies and procedures which have been put in place have improved staff morale and investment in new plant and machinery will continue to improve efficiency and profitability. We look forward to greater stability and continued growth in sales and markets.

Structure, governance and management

The charity is a company limited by guarantee with the liability of members limited to £1. All references to the entity as a charity also relate to the entity's corporate status as a company.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Baillie Mrs H. Wright	(Resigned 23 May 2022)
Councillor C Brown	(Resigned 5 May 2022)
Councillor A Rendall	(Resigned 4 October 2022)
Councillor G McIrvine	
Councillor KM Cordell	(Resigned 23 May 2022)
Mr K Craik	(Resigned 29 November 2023)
Mr Bryan Smith	(Resigned 3 October 2022)
Ms Ann Elizabeth Porter	(Resigned 21 August 2022)
Ms Claire F Maceachen	(Resigned 4 October 2022)
David A Webster	(Appointed 13 May 2022 and resigned 21 August 2022)
Councillor M G Flynn	(Appointed 23 May 2022)
Councillor J B Finnegan	(Appointed 23 May 2022)
Councillor H J D Anderson	(Appointed 23 May 2022)
Mr Michael D Laidlaw	(Appointed 7 December 2023)

DOVETAIL ENTERPRISES (1993) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2023*

The Articles of Association provide for Dundee City Council to nominate four directors and for Angus Council and Perth & Kinross Council to nominate one director each. Individuals with relevant skills are sought to serve as directors to augment the Board. Any managing director from time to time appointed is ex-officio a member of the board and an employee representative also serves on the Board. Induction training for new appointments has been on an informal basis, however, advice is taken on matters of a technical nature as and when required from the charity's professional advisers.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

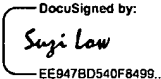
Auditor

In accordance with the company's articles, a resolution proposing that Bird Simpson & Co be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees.


DocuSigned by:
Suzi Low
EE947BD540F8499...
Blackadders LLP
Secretary

19 December 2023

DOVETAIL ENTERPRISES (1993) LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2023

The Trustees, who are also the directors of Dovetail Enterprises (1993) Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DOVETAIL ENTERPRISES (1993) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND TRUSTEES OF DOVETAIL ENTERPRISES (1993) LIMITED

Opinion

We have audited the financial statements of Dovetail Enterprises (1993) Limited (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 charity 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.

Material uncertainty relating to going concern

We draw attention to Note 1.2 and the relative section of the Trustees' Report which indicate that there is a net loss for the year of and a negative balance sheet total of £139,077. As stated in Note 1.2, these events or conditions, along with the other matters set out in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

DOVETAIL ENTERPRISES (1993) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF DOVETAIL ENTERPRISES (1993) LIMITED

Matters on which we are required to report by exception

Except for the matter described in the emphasis of matter section of our report, In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

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

- adequate and proper 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, 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 Trustees 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 Trustees are responsible for assessing the charity'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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

DOVETAIL ENTERPRISES (1993) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF DOVETAIL ENTERPRISES (1993) LIMITED

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

At the planning stage, we assess the risk of material misstatement and any such irregularities and design audit procedures tailored to these risks which will be followed to ensure that we are capable of meeting our responsibilities in this area.

Factors relevant to our assessment, which have a positive impact on the capability of our procedures to detect such irregularities, are the size of the entity, the complexity of the entity's operations and our understanding of their regulatory and control environments.

The staff working on this audit assignment have been fully briefed in relation to the charity's activities, including the regulatory regime in which they operate. As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's 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 regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSign by:
Neil Young
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Neil Young (Senior Statutory Auditor)
for and on behalf of Bird Simpson & Co

19 December 2023

144 Nethergate
Dundee
DD1 4EB

DOVETAIL ENTERPRISES (1993) LIMITED**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2023**

		Unrestricted funds general	Unrestricted funds Designated	Restricted funds	Total	Unrestricted funds general	Unrestricted funds Designated	Restricted funds	Total
	Notes	2023 £	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £	2022 £
<u>Income from:</u>									
Local and central government grants and miscellaneous donations.	3	381,174	-	-	381,174	333,895	-	50,000	383,895
Charitable activities	4	74,809	-	-	74,809	64,611	-	-	64,611
Other trading activities	5	2,728,967	-	-	2,728,967	3,278,635	-	-	3,278,635
Total income		3,184,950	-	-	3,184,950	3,677,141	-	50,000	3,727,141
<u>Expenditure on:</u>									
Raising funds	6	1,394,674	-	-	1,394,674	2,074,065	-	-	2,074,065
Charitable activities	8	1,714,616	156,208	22,873	1,893,697	1,769,464	-	125,000	1,894,464
Total expenditure		3,109,290	156,208	22,873	3,288,371	3,843,529	-	125,000	3,968,529
Net incoming/(outgoing) resources before transfers		75,660	(156,208)	(22,873)	(103,421)	(166,388)	-	(75,000)	(241,388)

DOVETAIL ENTERPRISES (1993) LIMITED**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2023**

	Unrestricted funds general	Unrestricted funds Designated	Restricted funds	Total	Unrestricted funds general	Unrestricted funds Designated	Restricted funds	Total
Notes	2023 £	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £	2022 £
Net incoming/(outgoing) resources before transfers	75,660	(156,208)	(22,873)	(103,421)	(166,388)	-	(75,000)	(241,388)
Gross transfers between funds	16,410	-	(16,410)	-	218,797	(218,797)	-	-
Net income/(expenditure) for the year/ Net incoming/(outgoing) resources	92,070	(156,208)	(39,283)	(103,421)	52,409	(218,797)	(75,000)	(241,388)
Other recognised gains and losses								
Actuarial (loss)/gain on defined benefit pension schemes	-	156,209	-	156,209	-	348,292	-	348,292
Net movement in funds	92,070	1	(39,283)	52,788	52,409	129,495	(75,000)	106,904
Fund balances at 1 April 2022	(845,034)	626,023	79,934	(139,077)	(897,443)	496,528	154,934	(245,981)
Fund balances at 31 March 2023	<u>(752,964)</u>	<u>626,024</u>	<u>40,651</u>	<u>(86,289)</u>	<u>(845,034)</u>	<u>626,023</u>	<u>79,934</u>	<u>(139,077)</u>

The statement of financial activities includes all gains and losses recognised in the year.

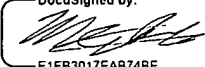
All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

DOVETAIL ENTERPRISES (1993) LIMITED**BALANCE SHEET****AS AT 31 MARCH 2023**

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		1,027,390		1,051,164
Current assets					
Stocks	13	359,938		221,542	
Debtors falling due after one year	14	13,900		13,900	
Debtors falling due within one year	14	354,960		432,000	
Cash at bank and in hand		331,170		109,311	
		<u>1,059,968</u>		<u>776,753</u>	
Creditors: amounts falling due within one year	18	<u>(811,724)</u>		<u>(605,359)</u>	
Net current assets			248,244		171,394
Total assets less current liabilities			<u>1,275,634</u>		<u>1,222,558</u>
Creditors: amounts falling due after more than one year	19		(1,361,924)		(1,361,635)
Net assets excluding pension surplus/(deficit)			<u>(86,290)</u>		<u>(139,077)</u>
Defined benefit pension surplus/(deficit)	23		<u>1</u>		<u>-</u>
Net liabilities			<u>(86,289)</u>		<u>(139,077)</u>
Income funds					
Restricted funds	21		40,651		79,934
<u>Unrestricted funds - general</u>					
Designated funds	22	626,023		626,023	
General unrestricted funds		<u>(752,963)</u>		<u>(845,034)</u>	
			<u>(86,289)</u>		<u>(139,077)</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2023 and are signed on its behalf by:

DocuSigned by:

 E1FB3017EAB74BE
 Councillor M G Flynn
 Trustee

Company Registration No. SC163812

DOVETAIL ENTERPRISES (1993) LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27		235,061		(167,299)
Investing activities					
Purchase of tangible fixed assets		(490)		(4,073)	
Net cash used in investing activities			(490)		(4,073)
Financing activities					
Repayment of debentures		6,428		6,401	
Repayment of bank loans		(6,139)		(2,516)	
Payment of obligations under finance leases		(13,001)		(53,528)	
Net cash used in financing activities			(12,712)		(49,643)
Net increase/(decrease) in cash and cash equivalents			221,859		(221,015)
Cash and cash equivalents at beginning of year			109,311		330,326
Cash and cash equivalents at end of year			331,170		109,311

DOVETAIL ENTERPRISES (1993) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Charity information

Dovetail Enterprises (1993) Limited is a private company limited by guarantee incorporated in Scotland. The registered office is Dunsinane Industrial Estate, Dundee, DD2 3QN.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The charity is dependent on local and central government grants in order to continue trading and the need for additional support has been identified within the Business Plan 2019-2022. The Trustees have a reasonable expectation that the grant support shall continue and a funding package has been put in place. Consequently, the going concern concept has been used in preparing these accounts.

The trustees note that there is usually a substantial deficit within the pension scheme and this has a substantial impact upon the charity's net assets at the year end. In the current year the scheme is showing a surplus (although not recognised in the accounts in line with FRS 102. The Trustees have considered the effects that this will have on the company's future cash flow, and believe that the charity will be able to meet the costs of the future contributions into the pension scheme as advised by the actuaries, and hence the pension issue does not affect the use of the going concern concept in these accounts.

Detailed cash flow projections have been prepared and are discussed on a monthly basis at Board level and reviewed weekly at an operational level. The management accounts for the year to 31 March 2024 show an anticipated profit for the year. The charity is dependent on continued support of local and central government in providing grants and deferral of loan funding and there is no certainty in relation to these matters. On this basis, the trustees consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of this support.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

DOVETAIL ENTERPRISES (1993) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Grant income is awarded on a financial year basis and is recognised in the period to which it relates. Grants received are from local authority organisations and the department of work and pensions.

Turnover from trading activities - Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. It is recognised net of discounts, VAT and other sales related taxes.

1.5 Expenditure

Resources expended are included on an accruals basis and excludes VAT which can be recovered, and is reported as part of the expenditure to which it relates.

- Raising funds expenditure comprises of direct materials which are used for manufacturing the products sold by the charity.
- Trading costs comprise those costs incurred by the factory day to day running.
- Support costs are those costs of an indirect nature necessary to support the charitable activities.
- Governance costs are those costs associated with the governance arrangements of the Charity which relate to the general running of the charity as opposed to those costs associated with charitable activities.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	Nil
Plant and machinery	20% straight line
Fixtures, fittings & equipment	25% straight line

DOVETAIL ENTERPRISES (1993) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

The residual value of the freehold land and buildings is such that any depreciation would be immaterial. The company is only entitled to 11.7% of any proceeds - the balance is shown as a long term creditor in Note 18. As a result over 88% of any depreciation charge would be offset against the creditor.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

The latest valuation of the property was carried out in 2017 and the Trustees believe there has been no material change since that date. The buildings are kept in a good state of repair such that the expected residual value is not materially different from the latest valuation.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

DOVETAIL ENTERPRISES (1993) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The charity is an admitted body of the Dundee City Council Superannuation Scheme which provides benefits based on final pensionable pay as detailed at note 20 to the financial statements. The pension costs are assessed in accordance with actuarial advice and based on the most recent actuarial valuation of the scheme.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

DOVETAIL ENTERPRISES (1993) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 Taxation

The income of the charity is exempt from charge to tax in accordance with the provision of the Income and Corporation Taxes Act 1988.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Local and central government grants and miscellaneous donations.

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £
Grants from central and local governments and DWP	381,174	318,895	50,000	368,895
Other grants	-	15,000	-	15,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Grants receivable for core activities comprise Local Authority £244,000 (2022 - £151,500), Coronavirus Job Retention Scheme £nil (2022 - £49,314), Department of Work and Pensions (paid through the Shaw Trust) £86,665 (2022 - £116,665) and a one of grant from Scottish Enterprise last year consisted of (2022: £50,000), along with a number of smaller grants.

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****4 Charitable activities**

	2023 £	2022 £
Charitable rental income	74,809	64,611

5 Other trading activities

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Trading activity income: other	2,728,967	3,278,635

6 Raising funds

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
<u>Trading costs</u>		
Other trading activities	1,394,674	2,074,065
	1,394,674	2,074,065

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****7 Support costs**

	Support costs	Governance costs	2023	Support costs	Governance costs	2022
	£	£	£	£	£	£
Legal and professional fees	21,257	-	21,257	11,335	-	11,335
Pension administration costs	4,026	-	4,026	6,677	-	6,677
Audit fees	-	11,930	11,930	-	13,000	13,000
	<u>25,283</u>	<u>11,930</u>	<u>37,213</u>	<u>18,012</u>	<u>13,000</u>	<u>31,012</u>
Analysed between						
Charitable activities	<u>25,282</u>	<u>11,930</u>	<u>37,212</u>	<u>18,012</u>	<u>13,000</u>	<u>31,012</u>

Governance costs includes payments to the auditors of £11,930 which is outstanding at the year end (2022-£13,000) for audit fees.

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****8 Charitable activities**

	2023 £	2022 £
Staff costs	1,382,142	1,401,226
Depreciation and impairment	24,263	57,625
Establishment & services	337,764	278,114
Marketing & distribution	15,063	3,065
Administration costs	97,252	123,422
	<u>1,856,484</u>	<u>1,863,452</u>
Share of support costs (see note 7)	25,283	18,012
Share of governance costs (see note 7)	11,930	13,000
	<u>1,893,697</u>	<u>1,894,464</u>
Analysis by fund		
Unrestricted funds - general	1,714,616	
Unrestricted funds - designated	156,208	
Restricted funds	22,873	
	<u>1,893,697</u>	
For the year ended 31 March 2022		
Unrestricted funds - general		1,769,464
Restricted funds		125,000
		<u>1,894,464</u>

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year in their role as Trustees. However, the following Trustees received a salary as part of their employment contract: S Ferrier (employee nominated director) - £Nil (2022 - £12,977). In addition pension costs of S Ferrier £Nil (2022 - £2,301) were incurred. S Ferrier resigned as trustee on the 23rd September 2021. K Craik was appointed the employee nominated director on 9th November 2021. His remuneration is £23,853 (2022-£8,556) with employer pension contributions of £4,055 (2022 -£1,455).

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****10 Employees**

The average monthly number of employees during the year was:

	2023	2022
	Number	Number
Shopfloor	41	39
Management & administration	10	10
Total	51	49

Employment costs	2023	2022
	£	£
Wages and salaries	1,015,324	967,823
Social security costs	84,208	78,344
Other pension costs	282,610	355,059
	1,382,142	1,401,226

There were no employees whose annual remuneration was more than £60,000.

11 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

12 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost or valuation				
At 1 April 2022	1,000,000	565,362	75,673	1,641,035
Additions	-	-	490	490
At 31 March 2023	1,000,000	565,362	76,163	1,641,525
Depreciation and impairment				
At 1 April 2022	-	530,083	59,788	589,871
Depreciation charged in the year	-	11,879	12,385	24,264
At 31 March 2023	-	541,962	72,173	614,135
Carrying amount				
At 31 March 2023	1,000,000	23,400	3,990	1,027,390
At 31 March 2022	1,000,000	35,279	15,885	1,051,164

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****12 Tangible fixed assets****(Continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £0 (2022 - £31,315) for the year.

The charity owns the title to the building at Dunsinane Industrial Estate. These land and buildings with a carrying amount of £1,000,000 were revalued at 12 September 2017 by J & E Shepherd, Chartered Surveyors, independent valuers not connected with the charity on the basis of market value. The valuation conforms to FRS102 fair value valuation and was based on recent market transactions on arm's length terms for similar properties.

The building is subject to contractual and security arrangements whereby sale proceeds must be remitted to third parties, namely the Department for Work and Pensions (formerly the Secretary of State and Education and Employment) and Employment and Dundee City Council, so as to reflect (a) the public funding that was provided by those third parties in building the premises and (b) loan funding subsequently provided to the charity by Dundee City Council (the outstanding balance of which is set out in note 18).

13 Stocks

	2023	2022
	£	£
Raw materials and consumables	189,358	108,799
Work in progress	135,685	68,713
Finished goods and goods for resale	34,895	44,030
	<u>359,938</u>	<u>221,542</u>

14 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	311,192	395,797
Other debtors	3,725	-
Prepayments and accrued income	40,043	36,203
	<u>354,960</u>	<u>432,000</u>

	2023	2022
	£	£
Amounts falling due after more than one year:		
Other debtors	13,900	13,900
	<u>13,900</u>	<u>13,900</u>
Total debtors	<u>368,860</u>	<u>445,900</u>

15 Financial instruments

	2023	2022
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	328,817	409,697
	<u>328,817</u>	<u>409,697</u>

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023**

		(Continued)	
15	Financial instruments	2023	2022
	Carrying amount of financial liabilities		
	Measured at amortised cost	1,873,667	1,818,721
		<u> </u>	<u> </u>
16	Loans and overdrafts		
		2023	2022
		£	£
	Term loans	426,789	420,361
	Bank loans	41,345	47,484
		<u> </u>	<u> </u>
		468,134	467,845
		<u> </u>	<u> </u>
	Payable within one year	6,210	6,210
	Payable after one year	461,924	461,635
		<u> </u>	<u> </u>
	Amounts included above which fall due after five years:		
	Payable by instalments	(212,827)	257,984
	Payable other than by instalments	(213,962)	209,861
		<u> </u>	<u> </u>
		(426,789)	467,845
		<u> </u>	<u> </u>

The term loan is secured and has been advanced by Dundee City Council, a member of the company - it totals £213,962 (2022 - £209,861). The loan is interest bearing and repayable in accordance with the terms of the formal agreement. A further loan has been received from Scottish Enterprise which totals £212,827 (2022 - £210,500). Repayment of the SE loan has been deferred until March 2024 - there is a second security over the company property for this loan.

A bounce back loan was obtained in 2021 and repayments commenced in the previous year.

17 Hire purchase commitments

Future minimum lease payments due under hire purchase contracts:

	2023	2022
	£	£
Within one year	-	22,368
Less: future finance charges	-	(9,367)
	<u> </u>	<u> </u>
	-	13,001
	<u> </u>	<u> </u>

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****18 Creditors: amounts falling due within one year**

	Notes	2023 £	2022 £
Bank loans	16	6,210	6,210
Obligations under finance leases		-	13,001
Other taxation and social security		217,733	102,708
Deferred income	20	82,248	45,565
Trade creditors		395,907	372,071
Other creditors		94,297	22,145
Accruals and deferred income		15,329	43,659
		<u>811,724</u>	<u>605,359</u>

19 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans	16	35,135	41,274
Other borrowings		426,789	420,361
Other creditors		900,000	900,000
		<u>1,361,924</u>	<u>1,361,635</u>

The other creditors represent the sale proceeds which would be due to be remitted to the Department for Work and Pensions (formerly the Secretary of State for Education and Employment) and Dundee City Council upon a sale of the building for a consideration equal to the valuation referred to at note 11 (£1,000,000), having regard to (i) the contractual and security arrangements with those parties in respect of the building referred to at note 11 and (ii) a proportion of the sums due to Dundee City Council (£205,762) being provided for separately under note 15.

20 Deferred income

	2023 £	2022 £
Arising from Grant income in advance	<u>82,248</u>	<u>45,565</u>

Deferred income is included in the financial statements as follows:

	2023 £	2022 £
Deferred income is included within:		
Current liabilities	<u>82,248</u>	<u>45,565</u>

DOVETAIL ENTERPRISES (1993) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Deferred income

(Continued)

Movements in the year:

Deferred income at 1 April 2022	45,565	-
Released from previous periods	(45,565)	-
Resources deferred in the year	82,248	45,565
	<u>82,248</u>	<u>45,565</u>
Deferred income at 31 March 2023	<u>82,248</u>	<u>45,565</u>

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds						
	Balance at 1 April 2021	Incoming resources	Resources expended	Balance at 1 April 2022	Resources expended	Transfers	Balance at 31 March 2023
	£	£	£	£	£	£	£
Third Sector Resilience Fund	16,410	-	-	16,410	-	(16,410)	-
DCC Funding	75,000	-	(75,000)	-	-	-	-
Adapt and Thrive	63,524	-	-	63,524	(22,873)	-	40,651
SE Funding	-	50,000	(50,000)	-	-	-	-
	<u>154,934</u>	<u>50,000</u>	<u>(125,000)</u>	<u>79,934</u>	<u>(22,873)</u>	<u>(16,410)</u>	<u>40,651</u>

The Third Sector Resilience Fund was advanced to assist with running costs as a result of the Covid pandemic - the major costs assisted with were utility bills, IT support, salary costs for a financial controller and other fixed costs such as insurance.

The Adapt and Thrive funding was to provide accreditation, training, a lighting upgrade and sanding equipment. This was received late in the financial year 2020/22 and the majority of the funds were unspent but planned to be spent in 2021/22 - this was delayed and spending began in 2022/23. The funders have confirmed that they are in agreement with this.

The DCC funding was received at the end of the previous financial year and was to assist with interim management, review of the Board skills and a review of the sales function. The funder has agreed that the funds have all been spent in accordance with the conditions by the year end.

The SE funding received in April 2021 had the same conditions and again the funder has confirmed that the funds have all been spent in accordance with the conditions by the year end.

DOVETAIL ENTERPRISES (1993) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2021	Resources expended	Transfers	Balance at 1 April 2022	Movement in funds			Balance at 31 March 2023
	£	£	£	£	Incoming resources	Resources expended		£
General Charity Fund	626,023	-	-	626,023	-	-		626,023
Pension Reserve	(129,495)	(89,292)	218,787	-	156,208	(156,208)		-
	<u>496,528</u>	<u>(89,292)</u>	<u>218,787</u>	<u>626,023</u>	<u>156,208</u>	<u>(156,208)</u>		<u>626,023</u>

The Trustees have set up a pension reserve which records the surplus/(deficit) identified by the Actuarial review; by keeping this separate it enables the charity's trading performance to be seen. The general charity fund contains the charitable funds the charity has accumulated over the years.

23 Retirement benefit schemes

Defined benefit schemes

Financial planning and accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long, the estimation process is complex and involves many areas of uncertainty that are the subject of assumptions.

In accounting for pensions, The Employee Benefits section of FRS102 is based on the principle that an organisation should account for retirement benefits at the point which it commits to paying them, even if the actual payment will be made years into the future. This requirement results in very large future liabilities being recognised in the annual accounts.

Dundee City Council administers the Tayside Pension Fund, a pension scheme providing defined benefits based on final pensionable salary. Dovetail Enterprises is an admitted body of this scheme. The assets of the scheme are held separately from those of the company being invested in a fixed fund. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees working lives with the company.

From 1st April 2009 the contributions of the employees have been based on a five-tier system ranging between 5.5% to 12% dependent upon their salary level. The employer's contribution has been set at 17%. It is anticipated that the 17% contribution will continue until 31 March 2024.

A fresh valuation for the scheme was carried out at 31st March 2020 and updated on an approximate basis to 31st March 2021 by qualified independent actuaries. The principal assumptions used by the actuaries were as follows:

Key assumptions

	2023	2022
	%	%
Discount rate	4.80	2.60
Expected rate of increase of pensions in payment	2.85	3.35
Expected rate of salary increases	3.85	4.35

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****23 Retirement benefit schemes****(Continued)***Mortality assumptions*

The assumed life expectations on retirement at age 65 are:

	2023	2022
	Years	Years
Retiring today		
- Males	19.0	18.9
- Females	22.4	22.3
Retiring in 20 years		
- Males	20.4	20.3
- Females	23.9	23.9

Amounts recognised in the profit and loss account:

	2023	2022
	£	£
Current service cost	315,282	356,752
Net interest on defined benefit liability/(asset)	(22,794)	1,111
Other costs and income	4,026	6,677
Total costs	296,514	364,540

Amounts taken to other comprehensive income:

	2023	2022
	£	£
Actual return on scheme assets	817,193	(901,932)
Less: calculated interest element	436,195	319,407
Return on scheme assets excluding interest income	1,253,388	(582,525)
Actuarial changes related to obligations	(4,593,800)	(572,716)
Asset not recognised due to asset ceiling	3,991,152	806,949
Total costs/(income)	650,740	(348,292)

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****23 Retirement benefit schemes****(Continued)**

The amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans are as follows:

	2023	2022
	£	£
Present value of defined benefit obligations	11,668,342	16,262,025
Fair value of plan assets	(15,659,495)	(17,068,974)
Surplus in scheme	(3,991,153)	(806,949)
Asset not recognised due to asset ceiling	3,991,152	806,949
Total (asset)/liability recognised	(1)	-

Movements in the present value of defined benefit obligations:

	2023
	£
Liabilities at 1 April 2022	16,262,025
Current service cost	315,282
Benefits paid	(772,915)
Contributions from scheme members	44,349
Actuarial gains and losses	(4,593,800)
Interest cost	413,401
At 31 March 2023	11,668,342

The defined benefit obligations arise from plans funded as follows:

	2023
	£
Wholly unfunded obligations	102,151
Wholly or partly funded obligations	11,566,091
	11,668,342

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****23 Retirement benefit schemes****(Continued)**

Movements in the fair value of plan assets:

	2023
	£
Fair value of assets at 1 April 2022	17,068,974
Interest income	436,195
Return on plan assets (excluding amounts included in net interest)	(1,253,388)
Benefits paid	(773,015)
Contributions by the employer	140,406
Contributions by scheme members	44,349
Other	(4,026)
	<hr/>
At 31 March 2023	15,659,495
	<hr/> <hr/>

The fair value of plan assets at the reporting period end was as follows:

	2023	2022
	£	£
Equity instruments	11,311,004	12,086,944
Debt instruments	2,357,928	2,841,400
Property	1,531,974	1,861,329
Cash	431,374	262,067
Alternatives	27,215	17,234
	<hr/>	<hr/>
	15,659,495	17,068,974
	<hr/> <hr/>	<hr/> <hr/>

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2023**24 Analysis of net assets between funds**

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 31 March 2023 are represented by:								
Tangible assets	(2,786)	1,030,176	-	1,027,390	425,141	626,023	-	1,051,164
Current assets/(liabilities)	168,310	-	79,934	248,244	91,460	-	79,934	171,394
Long term liabilities	(1,361,924)	-	-	(1,361,924)	(1,361,635)	-	-	(1,361,635)
Provisions and pensions	-	-	-	1	-	-	-	-
	<u>(1,196,400)</u>	<u>1,030,176</u>	<u>79,934</u>	<u>(86,289)</u>	<u>(845,034)</u>	<u>626,023</u>	<u>79,934</u>	<u>(139,077)</u>

DOVETAIL ENTERPRISES (1993) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

25 Related party transactions

Remuneration of key management personnel

The Trustees consider that the board of Trustees and the senior management personnel are the key management personnel of the Company. Trustees' remuneration is disclosed in Note 9 and is included below.

The remuneration of key management personnel (including employer pension contributions) is as follows.

	2023 £	2022 £
Aggregate compensation	124,207	181,532

Transactions with related parties

During the year the charity entered into the following transactions with related parties:

Grant funding is received from the unitary authorities as disclosed in Note 3. The authorities have the power to appoint a board director and are also members of the company. Dundee City Council have also provided loan funding as shown in Note 15.

Dundee City Council are also entitled to a share of the proceeds of any disposal of the charity's property as disclosed in Note 18.

26 Analysis of changes in net (debt)/funds

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	109,311	221,859	331,170
Loans falling due within one year	(6,210)	-	(6,210)
Loans falling due after more than one year	(461,635)	(289)	(461,924)
Obligations under finance leases	(13,001)	13,001	-
	<u>(371,535)</u>	<u>234,571</u>	<u>(136,964)</u>

DOVETAIL ENTERPRISES (1993) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023**

27	Cash generated from operations	2023	2022
		£	£
	Surplus for the year	(103,421)	(241,388)
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	24,263	57,625
	Difference between pension charge and cash contributions	156,309	218,797
	Movements in working capital:		
	(Increase)/decrease in stocks	(138,396)	10,586
	Decrease/(increase) in debtors	77,040	(108,588)
	Increase/(decrease) in creditors	182,683	(149,896)
	Increase in deferred income	36,683	45,565
		<hr/>	<hr/>
	Cash generated from/(absorbed by) operations	235,161	(167,299)
		<hr/>	<hr/>