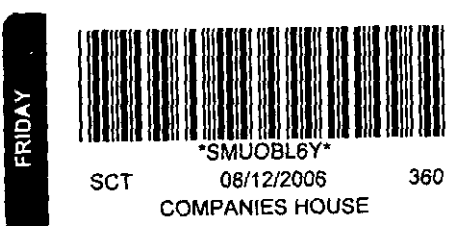


**NEIGHBOURHOOD NETWORKS IN
SCOTLAND LIMITED**
REPORT AND FINANCIAL STATEMENTS
Year ended 31 March 2006

Company Registration Number SC 193638

Charity Number: SC 028984



NEIGHBOURHOOD NETWORKS IN SCOTLAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

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Company Information

Directors	Patricia A Black Doreen Kelly Carl F Poll Karyn Kirkpartrick Diana Paton Steven Henderson Kerry MacLean (appointed 3 March 2006) Lachlan McInnes (appointed 3 March 2006) Ian Arthur (appointed 3 March 2006) Jeremy Robert Marshall (appointed 3 March 2006)
Company Secretary	Rebecca G Allen
Registered Office	Unit G6 1 st Floor Festival Business Centre 150 Brand Street Glasgow G51 1DH
Company number	SC193638
Charity number:	SC028984
Auditors	Scott Moncrieff Chartered Accountants 25 Bothwell Street Glasgow G2 6NL

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006**

The directors have pleasure in presenting their report for the year ended 31 March 2006. This report is prepared in accordance with the constitution and the recommendations of Statement of Recommended Practice – 'Accounting and Reporting by Charities' (SORP 2005), and complies with applicable law

Structure, Governance and ManagementGoverning Document

Neighbourhood Networks in Scotland Limited was incorporated on 22 February 1999 under The Companies Act 1985 as a company limited by guarantee and not having a share capital and is governed by its Memorandum and Articles of Association.

The principal objective of the company is to support people with learning difficulties to live in their own homes in their own communities

Networks

Living Support Networks provide support to individuals to live independently in their own homes and to provide mutual support to one another within the neighbourhood. Each network consists of nine people who live in their own homes that, as far as possible, are within walking distance of each other and a Community Living Worker. The Networks can support people to move into their own home and to sustain their housing tenancy agreement within the community

A Community Living Worker is recruited who lives in the network area and provides support. This support is arranged flexibly to meet the requirements of Members. The Network Manager knows each of the Members and complements and supplements the work of the Community Living Worker

Network Members agree to participate in the Network and offer mutual support that recognises that everyone has something to contribute and can offer as well as receive support. The local nature of the Networks means that people are supported to become more rooted and involved in their local communities. As well as the direct housing support provided by Community Living Workers and the Network Manager, the mutual support and involvement in the community supports Members to be safer and stronger within their own homes and community, therefore preventing crises and isolation which could lead to tenancy breakdown, etc.

A Mission Statement and a revised Values Statement have been developed in the current year and this activity was carried out with the full involvement of staff, Board Members and Network Members

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006**Recruitment and Appointment of Management Board

The directors of the company during the year were

Patricia A Black
Doreen Kelly
Carl F Poll
Karyn Kirkpatrick
Diana Paton
Steven Henderson
Kerry MacLean
Lachlan McInnes
Ian Arthur
Jeremy Robert Marshall

The company is established for charitable purposes and is limited by guarantee. Each member undertakes to contribute an amount not exceeding £1 in the event of the company being wound up.

This year we developed our goal to have Network Members participating and represented on Neighbourhood Networks Management Board. The aim of this is for Network Members to have a level of involvement on the Board that enables real power and choice, where Network Members will have real opportunities to influence the direction and development of the organisation.

One Network Member was to be elected by Network Members from each region e.g. Argyll, North Lanarkshire and Glasgow.

We held information and awareness raising sessions with Network Members, Community Living Workers and Networks Managers. This gave Members information about the Board of Directors and how Neighbourhood Networks were planning to support Members to become more involved. From this we collated the names of Members interested in putting themselves forward for election.

People who had an interest in being involved on the Board put together an election flyer providing a short statement saying why they would like to be a Board member. We then held elections in each Network area. Each candidate gave a short presentation based on the flyer they had produced and all Network Members were given the opportunity to vote. The elections resulted in two Members being elected from Argyll and one each from North Lanarkshire and Glasgow.

Board Member Induction and Training

Currently, we are in the process of planning an effective induction for all Network Members who are also Board Members. This will ensure that new Board Members become effective and useful Members of the Board more quickly. It will also help to create a Board that understands its role, its relationships with others in and outside the organisation, and one that is making its full contribution of skills, experience and perspectives.

Risk Management

The Board has completed an examination of the major business and operational risks to minimise and manage these risks. A reporting framework has been established to enable the Board to take the necessary steps to lessen these risks.

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006****Organisational Structure**

Neighbourhood Networks has a Management Board which presently consists of ten members who are responsible for the strategic direction and policy of the charity. The secretary also sits on the Board but has no voting rights.

A Finance Sub-committee of the Management Board consists of the Chair, Deputy Chair, Treasurer, Secretary and the Finance Manager. The role of the Finance Sub-Committee is:

- Guide and advise the Board in the approval of budgets, accounts and financial statements, including pay awards, bonuses, etc.
- Advise the Board on the financial implications of Neighbourhood Networks' strategic plans and key assumptions included in management's operational plan and annual budget.
- Understand the accounting procedures and key internal controls, so as to be able to assure the Board of Neighbourhood Networks' financial integrity.
- Ensure that the accounts are properly audited and that accepted recommendations of the auditors are implemented.
- Formally present the accounts at the AGM, drawing attention to important points.
- Monitor Neighbourhood Networks investment activity and ensure its consistency with policies, aims, objectives and legal responsibilities.

A scheme of delegation is in place and day to day responsibility for the provision of services rests with the Director along with the Central Team. The Central Team consists of four Network Managers, the Office Manager, the Network Development Manager, the Finance Manager, the Member Development Worker and the Administrator. Network Managers line manage Community Living Workers who live in the Network area providing support to Network Members.

Related Parties

There have been no related party transactions.

Objectives and Activities

Neighbourhood Networks was established to provide opportunities for people with a learning disability in Scotland to be supported within a "Living Support Network" which is a model of support developed and established by KeyRing, an English based company.

Since trading began in 2001 Neighbourhood Networks has successfully established eleven Living Support Networks across Argyll and Bute (3), Glasgow (2) and North Lanarkshire (6). The number of people supported by Neighbourhood Networks has increased over this fifth year of trading and people are continuing to build skills and experiences to successfully live independently in their own homes and support one another within their Networks and communities. Relationships that have developed between Network Members over this period have led to people's sense of belonging to their neighbourhoods which is leading more participation in community life.

As a young organisation, work continues to consolidate the growth of previous years and strengthen and build on existing systems. Work is also being carried out to ensure that the Company can meet not only internal requirements to providing an excellent service to people but also external requirements of the Care Commission's regulation role and funding bodies' requirements.

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006****Achievements and Performance**

Neighbourhood Networks has four Network areas North Lanarkshire 1, North Lanarkshire 2, Glasgow and Argyll & Bute

North Lanarkshire

Members are involved in various activities as well as the support they received as agreed within individual support plans. Work continues to recruit Members in all of the Networks across North Lanarkshire. Some Members in North Lanarkshire have achieved a great deal of success as they feel more confident about living independently so have been able to reduce the need for other paid support.

Regional meetings are held every two to three months and all Members in North Lanarkshire are encouraged to take part. Members themselves have come up with a list of agenda items they would like to concentrate on and each Network has agreed to take a lead on facilitating the sessions. Ideas generated by Members include:

- 1 Healthy Life Styles /Sports and Leisure
- 2 First Aid
- 3 Speaking Up For Yourself/Anger Management/Assertiveness
- 4 Fire Safety/Home Safety/Personal Safety
- 5 Citizen's Advice/Welfare Rights
- 6 Job Coaching/Volunteering/Local Community Centres
7. Awareness Week/Environmental
- 8 Housekeeping Skills/Repairs/Invite Housing/Manage Your Money

Members are now taking control of these meetings and taking turns to facilitate them

In addition to regional meetings for Members, Community Living Workers get together for regular meetings. These meetings are to explore common issues and share information about what is happening in North Lanarkshire

North Lanarkshire Council have recently commissioned Bazooka Arts to work in the region over the next two years to use art to build community. Members from all of the Networks in North Lanarkshire recently attended a consultation event where they were given the opportunity to make suggestions as to the kind of the things that they would like to see Bazooka Arts do in their time in North Lanarkshire

Network Managers continue to be involved in the locally arranged Providers Forum which has been a useful group to share learning and experience across supported living providers in the area to develop good practice.

North Lanarkshire 1

North Lanarkshire 1 has a travel group that is organised by a Wishaw member and Community Living Worker. This has involved Members getting together to plan day trips

The Motherwell Network continues to have regular meetings and new Members have joined the Network in the current year with some of these individuals successfully moving into their own homes for the first time. Members enjoy social get togethers including bowling, going for meals and the pictures. Work is also underway to support an individual to organise a fair trade coffee morning with a connection through a local church or school

The Bellshill Network is well established with regular contact between Members. Fortnightly Domino sessions are held at a local pub with some Members. This is organised independently between Members. Monthly Member lunches have taken place and local history meetings have been held with local people being invited to take part

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006**North Lanarkshire 1 cont

Planning work for the Wishaw Network was completed to support Members to become more connected to one another. Ideas generated included

- Monthly Lunch
- Comedy Club/Night
- Bingo Night
- Darts/Pool Day
- Music Night
- CD/DVD swapping
- Day Trip shopping
- See a play/Musical/Show
- Concerts
- Visit to a soap set – River City, Coronation Street

North Lanarkshire 2

Coatbridge now has five Members with four referrals/applications pending. Regular Network meetings are now taking place which Members are using effectively to share ideas for future activities and to ask for support from other Members. The Community Living Worker within the Coatbridge Network has been particularly successful in supporting Members to access activities and training available through another community resource where she is involved as a volunteer. This has resulted in two Members having recently gained qualifications, one in first aid and the other in Food Hygiene. Both Members have gained a huge boost to their confidence in having achieved these qualifications.

Airdrie is the newest Network with two Members. From a recent meeting with the local day centre manager a number of people have been identified and who are likely to benefit from being involved in the Network. Further meetings have been arranged with the key workers for these people to advise them of the service that Neighbourhood Networks provides. In the meantime, the two existing Members have been meeting with the Coatbridge and Cumbernauld Members and some good friendships have developed across the Networks. Airdrie and Coatbridge Members have been taking it in turns to host a games evening and a friendly competition has developed between the two Networks.

Each of the Networks in North Lanarkshire 2 have agreed to make arrangements for a day away with invites being extended to the other two Networks. Airdrie are currently making arrangements for a day out to Helensburgh.

The Cumbernauld Network now has full membership. This has resulted in greater opportunity for peer support to take place. Members have been meeting regularly and a number of ideas have been raised by various Members for activities that they would like to pursue. This has resulted in a regular shopping/bowling trip to Falkirk which is very well attended. One of the Members of the Cumbernauld Network was elected onto the board of directors of the organisation and is very much enjoying the opportunity to represent the views of North Lanarkshire Members.

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006**Glasgow

The Govan Network has been in existence for three and a half years now, and Members regularly meet up with each other independently and have formed firm friendships. The day to-day running of the Network involves regular one to-one contact with Members to arrange any individual support they might need. Typical areas include support with correspondence and taking any required action, budgeting, support to contact other agencies, for example medical appointments, Citizens Advice Bureau, and emotional support with relationships

Members enjoy participating in activities as a group and go to an adult learning class once a week, which was set up by an ex-Community Living Worker who is a teacher. They also meet at a Member's house to cook together once a week. Network meetings take place every four weeks, where many things are discussed, including social planning. Most weeks there is a social event, which might be during the day or evening, there have also been visits to local resources including the Fire Station, Police Station, events at Community Centres and museums, etc. These are always decided and agreed at Network meetings. Group learning events are being planned with both Glasgow Networks and topics for discussion include budgeting, health, work and being out and about in the community. Several Govan Members have been involved with giving presentations to Social Work departments interested in this organisation, and one has helped with Complaints training.

The Govan Network was evaluated at the beginning of this period which identified the strengths of the Network relationships between Members and staff. Members reported how the Network has helped make a positive difference to their quality of life, particularly around feeling more confident due to having more relationships and friendships in their community. The evaluation also made recommendations which led to new Community Living Worker Monitoring Forms which will better meet internal and external monitoring requirements.

The Springburn Network was launched in May 2005. It has come together surprisingly quickly, with Members from the start anxious to get to know each other and get things organised. The emphasis in the first year has been relationship-building and supporting Members to get better connected locally with, for instance, voluntary work, joining a tenants association and making use of the Citizens Advice Bureaux. Monthly meetings have had full attendance and Members have organised a lot of social events together, which has helped Members feel comfortable together. They are starting to meet in each other's homes for video evenings. Members receive regular support from the Community Living Worker in a variety of areas including budgeting and debt management, community safety, isolation, buying and learning how to use mobile 'phones and help with meal preparation and house-keeping. One of the Members has been voted on to the Management Board and has been very involved in Board activities. Springburn Members have also met up with Govan and Cumbernauld Members.

The Glasgow Networks have been undergoing a joint Supporting People and Learning Disability Partnership Review over this period which has largely involved providing information about the Networks so far. It is anticipated that the Review will be complete in 2006. The Glasgow Small and Specialist Provider's Forum has been a particularly useful group to share learning in relation to the review requirements. We have also attended the Learning Disability Providers' and Supporting People's Forums.

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006**Argyll

Regional meetings are held every three to four months and there are always representatives from all Networks in attendance. To date all meetings have been held in Oban at Members request as Mid Argyll Members are happy to come up to Oban and incorporate meetings with some shopping, leisure time or social time with other Members.

Some of the agenda items covered have been

- Fire Safety assessments with Strathclyde Fire Brigade
- Neighbourhood Networks contracts
- Network Members handbooks – going through the folders and what this means for Members
- Healthy lifestyles
- Supporting People
- Organisational objectives and Member participation and feedback

All Networks in Argyll are well established and are fully committed. Members meet approximately once a month formally for Network meetings. Members tend to take a lead in these meetings deciding and facilitating agenda items:

- Safety in the community
- Home safety and fire assessments
- Social activities
- Meeting up with other Members in and outwith Argyll
- Supporting People
- Organisational issues including discussion and feedback for new or existing policies and procedures
- Training opportunities
- Member representation
- Feedback on issues Members have been involved in
- Individual Support Plans and reviews

Members in Argyll use a buddy system which means that they contact each other without the impetus of Community Living Worker's

In Oban, Members meet each Tuesday night, initially this was to go bowling, but as the bowling alley has shut down this has proved beneficial as Members now take turns in deciding what they will do.

Mid Argyll Members have completed a woodwork course and regularly play badminton or other sport decided by Members

Recently one Member and Community Living Worker undertook a 'dry run' to Iona, looking at accessibility, cost and time for Members to have a day trip to Iona, which was fed back at the regional meeting with a presentation of photographs, history of the island and pertinent issues for Members

In Argyll we have People and Agencies Coming Together meetings. These meetings are attended by all those providing a service to people in our communities and have Member and statutory representation. These meetings are a forum for providing services including training to people who receive a service and sharing information.

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006****Member Development Work**

To take a lead in creating real Network Member involvement the position of Member Development Worker has been developed over this period and funding has been sought for the ongoing provision of this position. The Member Development Worker has developed a Three Year Plan and in this period has focused upon the following activities:

Network Members Newsletter

A newsletter group has been established with Member representatives taking lead roles in the production and content editing of the newsletter. Each Network has elected a reporter and photographer and Members are starting to recognise that the newsletter is a good way to communicate across networks and the organisation. The group received good feedback from Members with regard to the first newsletter via the questionnaire form that was included and they have taken consideration of this feedback into their second newsletter.

Governance

As well as taking a lead in the activities involved in Members becoming represented on the Management Board, work has taken place to support Members who have become Board Members to participate in the Board Meetings and in the Board Retreat. An accessible Board Member Induction Pack is in development and work is ongoing to support the Board to operate in a fully inclusive way.

Complaints and Suggestions Training

Four Network Members have established a working group with the support of the Member Development Worker to develop Neighbourhood Networks complaints procedure and raise awareness of it across the Networks. The working group have taken a lead role in planning a workshop about making complaints and the organisation's complaints procedures. They will be responsible for facilitating this across all regions. The working group also hope to share some of the valuable learning they have gained through working as a group with other Network Members and staff.

Charter of Rights

Four Network Members have established a working group with the support of the Member Development Worker, to look at producing a Charter of Rights for all Members. At present the group have produced a draft Charter of Rights and they plan to raise awareness of this and consult with all Members with workshops across regions and at Network meetings. The feedback gathered from these workshops will lead to a finalised Charter of Rights developed by Network Members for Network Members.

Facilitation Skills

Many Network Members have stated how they would like to promote Neighbourhood Networks and tell more people about what it is like. Therefore the Member Development Worker is planning work to enable Members to take a lead role in planning and facilitating presentations about Neighbourhood Networks.

Member Involvement Policies and Procedures

The Policies and Procedures about Member Involvement are currently being reviewed to make them more accessible and up to date across the organisation.

Network Development

In May 2005 we recruited a Development Manager. The focus of this role is to work in partnership with local people to look at developing new 'Living Support Networks' within their areas across Scotland.

As part of looking at new opportunities, the Development Manager undertook a feasibility study in partnership with people within Aberdeenshire to determine whether there was a need to look at developing 'Living support Networks' within the area. The research was funded by Communities Scotland Seeing Is Believing Fund. The research study concluded that there is local support for developing 'Living Support Networks' within Aberdeenshire and local agencies and individuals recognised that 'Living Support Networks' would complement existing services to have a positive impact on the quality of life for those that

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006**

are supported by them. However, the Council decided that due to funding cuts they were not in a position to look at commissioning any new services at the moment

The Development Manager has also contacted a number of individuals in other local authority areas to begin dialogue as to whether there is potential to develop within the area. This has involved contacting statutory, voluntary and housing services. The major difficulty in developing new 'Living Support Networks' in the current climate, is that many councils have had substantial cuts in funding streams, therefore making it difficult to plan or think about funding new services.

As part of ongoing development it has also been identified that there is potential to move into wider areas of support and not be a service which is exclusively for individuals with a Learning Disability

Training

A Training Group has been established this year to work on the following objectives over the next year.

- Ensure that all staff are properly trained and qualified and meeting the requirements of the Care Commission and the Scottish Social Services Council (SSSC). A plan is in development for when all staff will be appropriately qualified
- Develop core induction and on going core training
- Promote Member involvement in training activities
- Promote ways that Neighbourhood Networks can capture and share learning across the organisation
- Set up a training administration system with accurate and up-to-date training information

The following staff training and development activities have taken place over this last year:

- Four Community Living Worker Development Days facilitated by Network Managers – focus on developing good practice across Neighbourhood Networks
- Central Team Retreat facilitated by leadership consultant to develop the Team's leadership role
- Various one and two day training courses have been accessed by individual staff including: Support and Supervision, Reflecting Values, Dealing with Conflict, Vulnerable Adults, Group Skills and Advanced Group Skills, Facilitation Skills, Counselling Skills, Women Leading, Introduction to Coaching, Welfare Rights, Assertiveness Training, Updating Website Skills, Intermediate Word, Effective Minute Taking, PowerPoint, The Preparation of Audit of Charity Accounts and Time Management Skills
- The Director completed a Postgraduate Diploma in Voluntary Sector Management with the Centre for Charity Effectiveness
- The Office Manager and Administrator completed a Modern Apprenticeship in IT
- The Office Manager has started a Paralegal Certificate in Employment Law
- The Argyll Network Manager has started a SVQ 4 Registered Managers Award

Policy and Procedures Review

Over the past year the Central Team have been working through a review programme of the policies and procedures. This work has also been carried out in partnership with Community Living Workers and Network Members. There has been particular emphasis on the use of accessible and clear language while also ensuring that the policies and procedures are clear and relevant. It is important that we have supportive and user friendly policies and procedures which provide clarity, guidance, support and good sense to staff and Members.

Health and Safety

The Health and Safety Working Group have achieved their objective in successfully developing and assisting in the implementation of our Health and Safety Policies, Procedures, Keeping Yourself Safe booklet and safe working practices. An audit of our health and safety policies and procedures was carried out by Scottish Engineering in this period. The Audit showed that the policies, procedures and practices are now all in place. The Health and Safety Group have achieved a great deal in getting the organisation in line

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

with legislation and instituting procedures to protect staff They are a good example of a self managed team

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006****Employer of Choice Working Group**

The Employer of Choice Group facilitated a consultation with all staff during this period. The main finding from the consultation was that there was a very high degree of satisfaction from staff. Other positive themes from the consultation included that staff appreciated the training and development opportunities, the style of management and support, feeling valued and the level of autonomy they had to perform their work.

From the consultation it was agreed that the Group would focus on developing the following areas.

- Development and Promotion Opportunities
- More information on budget / limited resources
- Protect and maintain the Culture and Values of Neighbourhood Networks
- Performance Management Framework and Appraisals
- Co-ordination and production of Staff Newsletter

Care Commission Inspection

The first Care Commission Inspection took place in this period and has produced a report which is largely very positive about the quality of the support. Three recommendations for Neighbourhood Networks were made in the report that we should.

- Develop a Core Induction Programme for staff
- Develop a Structured Support Plan Review Programme
- Ensure access to independent advocacy

The Training Group are working on developing the Core Induction Programme for all staff by January 2007. Network Managers are developing the Structured Review Process and access to independent advocacy by November 2006.

Website

The Neighbourhood Networks website was set up by a working group that consisted of Network Members and staff. The group carried out an assessment of what we wanted from our website and then recruited a designer to create it. The Website is in the process of being developed further using talent from within Neighbourhood Networks.

AGM Event

The AGM Event was held at the Erskine Bridge Hotel. It was a full day event with 110 people attending, including Board Members, staff and Network Members. We enjoyed presentations from each Network as well as from staff. After a buffet dinner we were entertained by a disco and the musical talents of some of our Network Members. It was a very successful day that everyone enjoyed.

Financial Review

The financial statements have been prepared in accordance with current statutory requirements and the company's Memorandum and Articles of Association.

Neighbourhood Networks generated a surplus of £13,232 (2005: £18,171) as detailed in the income statement on page 16.

Sources

The principal funding sources for the charity is currently North Lanarkshire, Argyll & Bute and Glasgow Councils by way of contract income for the provision of the support Networks in the respective areas. Grant income has been received from Lloyds TSB for developing Member involvement.

DIRECTORS' REPORT**YEAR ENDED 31 MARCH 2006**Investment policy

Surplus funds generated from the activities of the charity will be invested such that the level of capital is maintained to provide adequate accessible reserves for the charity, whilst maximising the return on the funds. All investments will be reviewed regularly to ensure adequate returns

Having considered the options available, the Finance Sub-Committee of the Board has decided to invest the available funds in a commercial money market account in the following financial year

Reserves Policy

It is the policy of the Board to aim towards achieving reserves at a level which equates to six months expenditure. This would provide sufficient funds to cover management and administration support costs and to respond to unforeseen demands which may arise from time to time.

As Neighbourhood Networks is yet to reach this position a minimum level of reserves has been calculated with designated funds for redundancy, maternity, sickness and closure. This Minimum Level of Reserves will be reviewed annually

Plans for Future Periods

A Five Year Business Plan details Neighbourhood Networks' plans for future periods. Four key objectives have been developed to provide a framework for planning for the next five years

1. Quality and Excellence,
2. Influence,
3. Empowering, and
4. Growth

Planning will identify outcomes linked to these four key objectives in the next year and work will continue to improve and build on existing systems and infrastructure to ensure these are aligned with the objectives to meet internal and external requirements

In summary Neighbourhood Networks will focus on being an organisation which

- Shows **Excellence and Quality** – Neighbourhood Networks will continue to develop practices to deliver excellent, quality networks which people are entitled to
- Is **Empowering** – Neighbourhood Networks is providing services and is developing the organisation to be empowering for all
- Has **Growth** – Neighbourhood Networks is offering as many opportunities for people in Scotland to have access to the Network model of support as possible
- Has **Influence** – Neighbourhood Networks is part of a movement which achieves real change and is making a difference with people, services and communities in Scotland

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

Responsibilities of the Directors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to.

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

In accordance with Company Law, as the company's directors, we certify that.

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charities auditors are aware of that information

Subscriptions and Donations

The company does not levy any subscriptions but welcomes donations which can be made under Gift Aid.

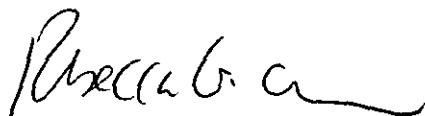
Auditors

A resolution to re appoint Scott Moncrieff as auditors will be put to the members at the forthcoming annual general meeting

Small company exemptions

The above report has been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies

On behalf of the Board



Rebecca G Allen
Secretary

Dated. 20th November 2006

INDEPENDENT AUDITORS REPORT TO THE MEMBERS**YEAR ENDED 31 MARCH 2006**

We have audited the financial statements of Neighbourhood Networks in Scotland Limited for the year ended 31 March 2006 set out on pages 17 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 19.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 14 you are responsible as directors for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit or if information specified by Law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS

YEAR ENDED 31 MARCH 2006

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2006 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Scott Moncrieff

SCOTT MONCRIEFF

Chartered Accountants
Registered Auditors

25 Bothwell Street
Glasgow G2 6NL

Dated

7 December 2006

**INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2006**

		Unrestricted Funds	Restricted Funds	Total Funds 2006	Total Funds 2005 (reclassified)
	Note	£	£	£	£
Incoming resources					
Incoming resources from generated funds:					
Investment income		3,168		3,168	2,988
Incoming resources from charitable activities:					
Service contracts		429,819		429,819	414,841
Other incoming resources		5,612	2,025	7,637	663
		<u>438,599</u>	<u>2,025</u>	<u>440,624</u>	<u>418,492</u>
Resources expended					
Charitable activities	3	365,264	1,355	366,619	327,936
Governance costs	3	60,773		60,773	72,385
Total resources expended		<u>426,037</u>	<u>1,355</u>	<u>427,392</u>	<u>400,321</u>
Net incoming resources		12,562	670	13,232	18,171
Reconciliation of funds					
Total funds brought forward		157,810		157,810	139,639
Total funds carried forward		<u>170,372</u>	<u>670</u>	<u>171,042</u>	<u>157,810</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 19 to 22 form part of these accounts.

BALANCE SHEET**AS AT 31 MARCH 2006**

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	5	11,464	13,476
Current assets			
Debtors	6	33,586	26,894
Cash at bank and in hand		155,069	135,481
		<u>188,655</u>	<u>162,375</u>
Liabilities			
Creditors amounts falling due within one year	7	29,077	18,041
Net current assets		<u>159,578</u>	<u>144,334</u>
Net assets	8	<u>171,042</u>	<u>157,810</u>
The funds of the charity			
Restricted funds	9	670	-
Unrestricted funds	9	48,000	
- Designated funds		122,372	157,810
- General funds		<u>170,372</u>	<u>157,810</u>
Total funds		<u>171,042</u>	<u>157,810</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were authorised for issue by the Board of Directors on 23 November 2006 and are signed on their behalf by.



Director

Dated 4 December 2006

The notes on pages 19 to 22 form part of these financial statements.

YEAR ENDED 31 MARCH 2006

NEIGHBOURHOOD NETWORKS IN SCOTLAND LIMITED

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards including the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005)

Due to the introduction of SORP 2005 the income and expenditure for the year ended 31 March 2005 has been reclassified

The following principal policies have been applied.

Funding income

Funding income is included on an accruals basis and credited in the financial statements for the year covered by the payment.

Expenditure

Expenditure is included on an accruals basis. Where possible expenditure has been charged direct to charitable expenditure or governance costs. Where this is not possible the expenditure has been allocated on the basis of time spent by staff on each activity

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated at the following rates:

Computer equipment	33% straight line
Fixtures and fittings	25% straight line

Grants

Monies receivable by way of grants are credited to the income and expenditure account in the year in which they are receivable

Pensions

Contributions to the company's defined contributions pension scheme are charged to the profit and loss account in the year in which they become payable

Unrestricted funds

Unrestricted funds comprise those funds which the directors are free to use in accordance with the company's charitable objects.

Restricted funds

Restricted funds are subjected to restrictions on their expenditure imposed by the donor

Designated funds

Designated funds are unrestricted funds earmarked by the Board for particular purposes.

YEAR ENDED 31 MARCH 2006

NEIGHBOURHOOD NETWORKS IN SCOTLAND LIMITED

2. Employees	2006 £	2005 £
Staff costs consist of		
Wages and salaries	281,413	228,137
Social security costs	22,091	16,476
Other pension costs	12,379	10,269
	<u>315,883</u>	<u>254,882</u>
The average weekly number of employees during the year was:		
Office and management	6	3
Operational	15	15
	<u>21</u>	<u>18</u>

No individual employee received remuneration greater than £50,000.

No director received any emoluments during the year (2005. Nil)

3. Resources Expended

	Basis of allocation	Charitable activities £	Governance costs £	Total 2006 £	Total 2005 £
Audit fee	Direct		4,002	4,002	2,370
Room hire	Direct	9,837	1,008	10,845	9,576
Training	Direct	7,933		7,933	17,061
Travel expenses	Direct	18,141	925	19,066	20,065
Recruitment costs	Direct	1,046	14	1,060	18,649
Office costs	Direct	25,645		25,645	43,115
Communications	Staff time	8,974	3,037	12,011	7,310
Professional fees	Usage	7,847	5,181	13,028	11,012
Consultancy	Usage	1,865	1,146	3,011	
Depreciation	Usage	5,146	1,666	6,812	5,206
Maintenance	Direct	3,783		3,783	2,742
Other expenditure	Direct	4,245	68	4,313	8,333
		<u>94,462</u>	<u>17,047</u>	<u>111,509</u>	<u>145,439</u>
Staff costs (note 2)	Staff time	272,157	43,726	315,883	254,882
		<u>366,619</u>	<u>60,773</u>	<u>427,392</u>	<u>400,321</u>

All expenditure in relation to restricted funds is staff costs

YEAR ENDED 31 MARCH 2006

NEIGHBOURHOOD NETWORKS IN SCOTLAND LIMITED

4. Taxation

No provision is required in view of the company's charitable status

5. Tangible assets	Computer Equipment £	Fixtures & Fittings £	Total £
Cost			
At 1 April 2005	21,105	4,636	25,741
Additions	4,275	526	4,801
At 31 March 2006	25,380	5,162	30,542
Depreciation			
At 1 April 2005	10,516	1,749	12,265
Charge for period	5,540	1,273	6,813
At 31 March 2006	16,056	3,022	19,078
Net book value			
At 31 March 2006	9,324	2,140	11,464
At 31 March 2005	10,589	2,887	13,476

6. Debtors	2006 £	2005 £
Trade debtors, prepayments and accrued income	33,586	26,894

7. Creditors: amounts falling due within one year	2006 £	2005 £
Trade creditors and accruals	23,002	17,627
Deferred income (see below)	6,075	414
	29,077	18,041

Deferred income movement in the year was:

Balance at 1 April 2005	414	5,024
Deferred in period	6,075	414
Released period	(414)	(5,024)
Balance at 31 March 2006	6,075	414

YEAR ENDED 31 MARCH 2006

NEIGHBOURHOOD NETWORKS IN SCOTLAND LIMITED

8.	Analysis of Net Assets between Funds	General Funds	Designated Funds	Restricted Funds	Total Funds	
	Tangible fixed assets	11,464			11,464	
	Current assets	133,910	48,000	6,745	188,655	
	Current liabilities	(23,002)		(6,075)	(29,077)	
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	
		-				
	Net assets at 31 March 2006	<u>122,372</u>	<u>48,000</u>	<u>670</u>	<u>171,042</u>	
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	
		=				
9.	Movement in Funds	At 1 April 2005	Incoming recourses	Outgoing resources	Transfers	At 31 March 2006
		£	£	£	£	£
	Restricted funds:					
	Member Development		2,025	(1,355)		670
	Unrestricted funds:					
	Designated Member and					
	Network development		1,132	(49,780)	96,648	48,000
	General funds	157,810	437,467	(376,257)	(96,648)	122,372
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		-			-	
	Total funds	<u>157,810</u>	<u>440,624</u>	<u>(427,392)</u>	<u>-</u>	<u>171,042</u>
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		=			=	

Purpose of Restricted Funds

The restricted fund represents funding for a third of the salary of the Member Development worker

Purpose of Designated Funds

Neighbourhood Networks is committed to involving Members in the organisation and the growth of the charity. To this end, the directors have designated £108,035 to development of Member involvement and the growth of the Networks for 2005 and 2006. As at 31 March 2006, £48,000 remains of this fund. A Member Development Worker is responsible for involving Members in the governance of the charity and a Network Development Manager is responsible for growth of the Networks

10. Pensions

The company operates a defined contributions 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.