



**YOUNG SCOT ENTERPRISE**  
**(Company Limited by Guarantee)**

**FINANCIAL STATEMENTS**

**for the year ended 31 March 2007**

**Company Number SC 202687**  
**Registered Charity No. SCO29757**

**Baker Tilly UK Audit LLP**  
**23 Queen Street**  
**Edinburgh**  
**EH2 1JX**

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**YOUNG SCOT ENTERPRISE**  
**FINANCIAL STATEMENTS**  
**for the year ended 31 March 2007**

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**YOUNG SCOT ENTERPRISE**

**COMPANY INFORMATION**

**for the year ended 31 March 2007**

**Directors:**

**Chair** Mr AJ Blackie  
**Vice Chair** Mr J Sweeney  
**Vice Chair** Mr R Joshi  
Ms SM Bruce  
Ms MG Cuthbert  
Ms C Downie  
Mr P Humpherson  
Mr S McGlinchey  
Prof RE Milburn CBE  
Mr P Strange

Mr SAB Wall

**Secretary:**

Ms BC Scott

**Registered Office:**

Rosebery House  
9 Haymarket Terrace  
Edinburgh  
EH12 5EZ

**External Auditor:**

Baker Tilly UK Audit LLP  
23 Queen Street  
Edinburgh  
EH2 1JX

**Internal Auditor:**

Scott Moncreiff  
17 Melville Street  
Edinburgh  
EH3 7PH

**Solicitors:**

Brodies LLP  
15 Atholl Crescent  
Edinburgh  
EH3 8HA

**Bankers:**

Bank of Scotland  
1 Castle Terrace  
Edinburgh  
EH1 2DP

Royal Bank of Scotland  
142 144 Princes Street  
Edinburgh  
EH2 4EQ



## YOUNG SCOT ENTERPRISE

### DIRECTORS' REPORT

for the year ended 31 March 2007

The directors present their report and the financial statements for the year ended 31 March 2007

#### **Structure, Governance and Management**

##### **Governing Document**

Young Scot Enterprise is a company limited by guarantee, registered in Scotland No 202687 and is a recognised Scottish Charity, No SC029757. The company is governed by its Memorandum and Articles of Association.

##### **Appointment of Directors**

The Directors of the company during the period are listed at page one. The Board composition seeks to reflect the different stakeholders and environment in which Young Scot operates. Young Scot therefore appoints Directors based on the skills they can bring to the organisation whilst maintaining this cross representation of the Board. Directors are appointed and ratified by the Board following nomination by the officers of the company or other Directors.

##### **Directors Induction and Training**

Young Scot currently issues new Board Members with an induction pack, which details the roles and responsibilities of a new Director. All new Directors meet the Chairman and Chief Executive and are taken through the role of Director and the main activities of the charity. Any new Directors are also assessed for any initial training needs prior to taking up the role. A skills audit is carried out to monitor any further training needs of its Board Members at the Board Residential meeting.

##### **Organisational Structure**

Young Scot's Board of Directors, following advice from the Senior Management Team (SMT), decides on the strategic aims and objectives of the organisation.

The Senior Management Team and the Operational Management Team then apply the strategic objectives and set the operational plan.

The company continues to place a considerable emphasis on staff consultation on matters affecting them and on various factors affecting responsibilities, activities and performance of the company and to this end was awarded Investors In People status in January 2007.



## YOUNG SCOT ENTERPRISE

### DIRECTORS' REPORT

for the year ended 31 March 2007

#### Related Parties

There are no related party transactions as defined by *Financial Reporting Standard 8* on Related Party Transactions

#### Risk Management

The directors confirm that the major risks to which the charity is exposed have been considered and reviewed

The Risk Management process includes consideration not only of financial risks but also strategic, operational, environmental and regulatory ones. A risk analysis has been used to identify these risks. The level and significance of the charity's exposure to these risks has been outlined within a formal Risk Management report, together with any systems which have been put in place and those which are planned to be implemented to reduce these risks to the Company

#### Objectives and Activities

The principal activities of the Company are to provide young people with a mixture of information, ideas and opportunities to

- promote the development and provision of education and in particular social education and health education for young people,
- enable them to make informed decisions and choices about their lives,
- turn their ideas into action,
- take advantage of the opportunities available to them in Scotland and the rest of Europe,
- enable them to have the knowledge and confidence to become active citizens in their communities

**The main objectives for Young Scot for the year 2006/2007 were to continue to build on its existing menu of products and services to:**

- Develop a youth information strategy for Scotland and raise awareness of that strategy with partners and key stakeholders
- Deliver high quality information to young people to improve their ability to make informed decisions and choices
- Work with a range of partners to support young people to make effective use of local services and to make positive contributions to their communities
- Support young people to use youth information to help influence services
- Use new communications technology to better engage with young people
- Support Dialogue Youth Units across Scotland to deliver local action
- Involve young people in the decision making structures of Young Scot and its other activities



## YOUNG SCOT ENTERPRISE

### DIRECTORS' REPORT

for the year ended 31 March 2007

#### Achievements and Performance

- Young Scot supported Dialogue Youth Units to submit responses to the National Youth Work Strategy Consultation, as well as submitting our own response highlighting the key role of youth information
- Young Scot enhanced its annual books by adding local information pages to its books for eight local authorities. These eight local sections were produced with young volunteers from each of the Dialogue Youth areas. Altogether 150,000 Young Scot Books were printed and distributed
- The number of Young Scot cards on issue through the partnership with Dialogue Youth Units rose to 320,000, with 189,000 of them being Proof of Age cards
- Evaluating the impact of the Sunday Mail Young Scot Awards 2007, with the ceremony having taken place on 29th March. This event, which featured over 500 guests, made a significant contribution to raising the profile of the contributions Scotland's young people make to their communities. Over £250k worth of positive news coverage was achieved in the Sunday Mail, and significant profile was given to the nominees and winners
- Young Scot carried out 55 consultations and surveys at a local and national level using the Young Scot Loud & Clear tool kit
- The completion of the pilot phase of the Young Scot Smart Citizenship programme, involving over 80 pupils from 10 secondary schools in developing their own youth led citizenship events. The pilot is currently being evaluated, with plans for development from 2007
- The development of our new podcasting project, which will see the creation of Young Scot Radio with programmes made by young trained volunteers across Scotland exploring the issues that matter to them. The service was launched in December 2006. We also have support from the Hamlyn Foundation to extend this project with hard to reach young people
- Our support for Dialogue Youth Units in 32 local authorities has continued, with seminars, training sessions and services delivered. This support is crucial in our partnership with local authorities to localised youth information access and to support young people to influence services in their communities
- Ongoing research and strategic planning relating to developing Young Scot services for young people who have left school. This work is as a result of our initial research with young people during 05/06



## YOUNG SCOT ENTERPRISE

### DIRECTORS' REPORT

for the year ended 31 March 2007

#### Achievements and Performance(Continued)

- The ongoing pilot of the Young Scot InfoLine web and phone service for those aged 16+, with specialist information researched and developed to support the transition to independent living
- Strategic development work relating to the new National Entitlement Card and the potential use re transport, rewards, local applications etc
- Developing our work with hard to reach groups, including information audits with young people to clarify their needs from Young Scot and giving one of our senior development officer's a key responsibility to extend and enhance Young Scot's work with these groups
- Young Scot obtained Investors in People status in January 2007 and underwent an inspection from Her Majesty Inspectorate of Education (HMIE), from which we received an excellent report

#### Financial Review

The past financial year has seen Young Scot further enhance its services through project funding and the continued support of the Scottish Executive departments and the Local Authorities. The company's activities have been maintained by actual grants received of £1,379,300 (2006 £1,672,496) per note 3 in the accounts, sales of £822,837 (2006 £637,937) and investment income of £16,451 (2006 £17,211). This resulted in total incoming resources of £2,311,932 (2006 £2,343,956).

Appreciation is recorded for the contributions received during the year from CoSLA, Improvement Service, Lloyds TSB Scotland, Hamlyn Foundation, David McLaughlin (Scott & Co), NHS Health Scotland, Scottish Executive Education, Health, Justice, Social Justice and Finance & Public Services Departments, Financial Services Authority, sportscotland, Microsoft, Fujitsu, BT Scotland, Storm ID, Scottish Arts Council, Big Lottery Fund and all 32 Scottish Local Authorities.

Young Scot would like to specifically acknowledge the Scottish Executive Social Inclusion Division for their funding of £293,571 for the Young Scot Info Line project.

The contribution from other organisations towards the Charity's activities is also gratefully acknowledged.

Income from all sources for the year to 31 March 2007 was £2,311,932 (2006 £2,343,956) and operating expenses totalled £2,235,880 (2006 £2,349,836).

The cash and bank balances at 31 March 2007 were £238,695 (2006 £269,478).

Stock as at 31 March 2006 was valued at £1,522 (2006 £1,501).



## YOUNG SCOT ENTERPRISE

### DIRECTORS' REPORT

for the year ended 31 March 2007

#### Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the Directors advise. The Directors, having regard to the liquidity requirements of operating the charity and to the reserves policy have operated a policy of keeping available funds in an interest bearing deposit account and seek to achieve a rate of interest which matches or exceeds inflation as measured by the retail prices index.

#### Reserves

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the charity which have not been designated for any other purpose. The general reserves are maintained at a level of at least two months working capital to ensure that the company can effectively meet its charitable objectives.

Designated reserves are funds that the company has set aside for a specific purpose, which will be utilised during the next and future financial years. Young Scot currently has three designated reserves, one has been created to allow for asset replacements, the second is the Capital Grant Fund and the third is the Hamlyn Project as detailed in note 13 of the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### Plans for future periods

Financial Year 2007-2008 is the first year of Young Scot's new three year business plan strategy. The new three year plan for 2007-2010 is fully informed by ongoing review as well as a recent, specially commissioned evaluation of Young Scot's services and an HMIE inspection in December 2006.

#### **VISION**

This strategic plan describes how Young Scot will achieve its vision over the next three years.

- Scotland will have a sustainable and vibrant youth information strategy that supports young people to make informed choices for individual success and to make a positive difference to their communities as today's citizens.
- Scotland's youth information strategy involves young people, business, government and other organisations in an informed, concerted effort to make Scotland a great place to be young.



**YOUNG SCOT ENTERPRISE**  
**DIRECTORS' REPORT**  
**for the year ended 31 March 2007**

**Plans for future periods(Continued)**

**VALUES**

The core values that underpin Young Scot's approach to realising this vision are

- Accessible and relevant – All young Scot products and services are accessible and relevant to young people to those who work directly with young people, and to those who design and deliver services and opportunities which impact on young people's lives Young Scot is seen to be 'on the side' of young people
- Inclusive – Young Scot products and services seek to address the full range of issues facing young people They proactively take account of the particular issues for young people who are disadvantaged within communities Young Scot includes other organisations as partners to deliver all aspects of its work
- Visible – Young Scot's products and services seek to ensure a high profile for a national youth information strategy to inform and stimulate young people to get involved and to help others be informed by them

**AIMS**

The three aims for this three year strategic plan are

- To produce a high quality package of information, incentives and ideas to support young people of Secondary School age to make informed choices and to be active citizens
- To produce a high quality package of information, incentives and ideas which supports young people post school to make positive transitions to independent living and to be active citizens
- To work as a catalyst with business, government, other organisations and young people to develop information, incentives and ideas to improve services and help make Scotland a great place to be young

**Payment of Creditors**

The company intends to comply with the Confederation of British Industry Code of Best Practice for the payment of creditors and is aware of the implications of the Late Payment of Commercial Debts (Interest) Act 1998 The average creditor day period during the year, for the payment of undisputed invoices, was 24 days (2006 27 days)



## YOUNG SCOT ENTERPRISE

### DIRECTORS' REPORT

for the year ended 31 March 2007

#### **Employment Policies**

Young Scot's employment policies provide equal opportunity, irrespective of sex, religion, race or marital status. Applications by disabled persons are given full and fair consideration and, wherever practicable, provision is made for their special needs. The same criteria apply to disabled persons for training and promotion as to any other employee. The offices of the company have access for disabled people.

#### **Volunteer Time**

Young Scot benefits from the work of volunteers across the organisation from an operational to strategic level. Young Scot during 2006/07 used 450 hours (2006: 108 hours) from volunteers at an operational level and a further 672 hours (2006: 366 hours) at a strategic level.

#### **External Auditors**

A resolution to appoint Chiene & Tait as auditors will be put to the members at the annual general meeting on 7<sup>th</sup> June 2007.

#### **Small Company Provisions**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to smaller entities and in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" 2005 (SORP2005).



## YOUNG SCOT ENTERPRISE

### DIRECTORS' REPORT

for the year ended 31 March 2007

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company and 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 judgement and estimates that are reasonable and prudent,
- State where applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts,
- 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

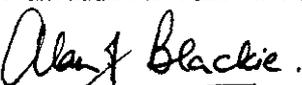
They are also responsible for safeguarding the assets of the company and hence for taking responsible steps for the prevention and detection of fraud and other irregularities

The maintenance and integrity of the Young Scot Enterprise corporate website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the corporate web site

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions

#### DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware, and each Trustee has taken all steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information



Mr AJ Blackie

Director

Date: 16 May . 2007

Rosebery House

9 Haymarket Terrace, Edinburgh, EH12 5EZ



## YOUNG SCOT ENTERPRISE

### INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS

for the year ended 31 March 2007

We have audited the financial statements on pages 13 to 23

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable 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**

The responsibilities of the directors of Young Scot Enterprise for the purposes of company law for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. 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 and Charities Statement of Recognised Practice 2005.

We also report to you whether in our opinion the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, 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 other transactions 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 audit 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 judgments 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 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.

**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 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements

*Baker Tilly UK Audit LLP*

**BAKER TILLY UK AUDIT LLP**

**Registered Auditor**

**Chartered Accountants**

**23 Queen Street**

**Edinburgh EH2 1JX**

*18 May ...2007*

**YOUNG SCOT ENTERPRISE**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
*(including income and expenditure account)*  
**for the year ended 31 March 2007**

|  |      | Unrestricted<br>General<br>Fund | Designated<br>Fund | Restricted<br>Fund | 2007<br><br>Total<br>Funds<br>£ | 2006<br><br>Total<br>Funds<br>£ |
|--|------|---------------------------------|--------------------|--------------------|---------------------------------|---------------------------------|
|  | Note | £                               | £                  | £                  |                                 |                                 |
| <b><u>Incoming resources</u></b>                               |      |                                 |                    |                    |                                 |                                 |
| <i>Incoming resources from generated funds</i>                 |      |                                 |                    |                    |                                 |                                 |
| Investment income  | 2    | 16,451                          |                    |                    | 16,451                          | 17,211                          |
|  |      | 16,451                          |                    |                    | 16,451                          | 17,211                          |
| <i>Incoming resources from charitable activities</i>           |      |                                 |                    |                    |                                 |                                 |
| Services   | 3    | 1,769,700                       | 89,200             | 453,032            | 2,311,932                       | 2,326,745                       |
| <b>Total incoming resources</b>                                |      | <b>1,786,151</b>                | <b>89,200</b>      | <b>453,032</b>     | <b>2,328,383</b>                | <b>2,343,956</b>                |
| <b><u>Resources expended</u></b>                               |      |                                 |                    |                    |                                 |                                 |
| <i>Costs of generating funds</i>                               |      |                                 |                    |                    |                                 |                                 |
|  |      |                                 |                    |                    |                                 | -                               |
| <i>Charitable activities</i>                                   |      |                                 |                    |                    |                                 |                                 |
| Services   | 4    | 1,723,747                       | 20,999             | 469,209            | 2,213,955                       | 2,332,528                       |
| <i>Governance costs</i>  | 5    | 10,925                          |                    |                    | 10,925                          | 11,308                          |
| <b>Total resources expended</b>                                |      | <b>1,734,672</b>                | <b>20,999</b>      | <b>469,209</b>     | <b>2,224,880</b>                | <b>2,343,836</b>                |
| <b>Net incoming/(outgoing) resources before transfers</b>      |      | <b>51,479</b>                   | <b>68,201</b>      | <b>(16,177)</b>    | <b>103,503</b>                  | <b>120</b>                      |
| Gross transfers between funds                                  | 13   | (785)                           | (4,833)            | 5,618              | -                               | -                               |
| <b>Net movement of funds in year</b>                           |      | <b>50,694</b>                   | <b>63,368</b>      | <b>(10,559)</b>    | <b>103,503</b>                  | <b>120</b>                      |
| Actuarial Gain/(loss) on Pension Scheme                        | 7    | 71,000                          |                    |                    | 71,000                          | (41,000)                        |
| <b>Net movement of funds in year (after Pension Liability)</b> |      | <b>121,694</b>                  | <b>63,368</b>      | <b>(10,559)</b>    | <b>174,503</b>                  | <b>(40,880)</b>                 |
| <b><u>Reconciliation of funds</u></b>                          |      |                                 |                    |                    |                                 |                                 |
| Total funds at 1 April 2006                                    | 13   | 4,758                           | 17,167             | 35,979             | 57,904                          | 98,784                          |
| <b>Net movement of funds in year</b>                           |      | <b>121,694</b>                  | <b>63,368</b>      | <b>(10,559)</b>    | <b>174,503</b>                  | <b>(40,880)</b>                 |
| <b>Fund balance carried forward at 31 March 2007</b>           | 13   | <b>126,452</b>                  | <b>80,535</b>      | <b>25,420</b>      | <b>232,407</b>                  | <b>57,904</b>                   |

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



# YOUNG SCOT ENTERPRISE

## BALANCE SHEET

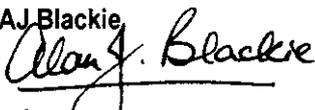
as at 31 March 2007

|   |      | Year ended<br>31 <sup>st</sup> March 2007 | Year ended<br>31 <sup>st</sup> March 2006 |
|---|------|---|---|
|   | Note | £   | £   |
| <b>Fixed assets</b>   | 8    | <u>120,475</u>                            | <u>126,245</u>                            |
| <b>Current assets</b>                                       |      |   |   |
| Stock   | 9    | 1,522                                     | 1,501                                     |
| Debtors   | 10   | 448,708                                   | 320,213                                   |
| Cash at bank and in hand                                    |      | <u>238,696</u>                            | <u>269,478</u>                            |
|   |      | 688,926                                   | 591,192                                   |
| <b>Creditors</b>  |      |   |   |
| Amounts falling due within one year                         | 11   | <u>588,994</u>                            | <u>589,533</u>                            |
| <b>Net current assets</b>                                   |      | <u>99,932</u>                             | <u>1,659</u>                              |
| <b>Total assets less current liabilities</b>                |      | <b>220,407</b>                            | <b>127,904</b>                            |
| <b>Defined Benefit Pension Scheme Asset/Liability</b>       | 7    | 12,000                                    | (70,000)                                  |
| <b>Total assets including Pension Asset</b>                 |      | <u><u>232,407</u></u>                     | <u><u>57,904</u></u>                      |
| <b>Reserves</b>   |      |   |   |
| Restricted fund   | 13   | 25,420                                    | 35,979                                    |
| Unrestricted general fund (after pension asset / liability) | 13   | 126,452                                   | 4,758                                     |
| Designated funds  | 13   | 80,535                                    | 17,167                                    |
| <b>Total reserves</b>                                       | 13   | <u><u>232,407</u></u>                     | <u><u>57,904</u></u>                      |

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to smaller entities and in accordance with the Financial Reporting Standard for Smaller Entities (effective Jan 2005)

The audited financial statements on pages 8 to 20 were approved and authorised for issue by the board of directors on and signed on its behalf by

Mr A.J. Blackie



Director  
Date: 16 May . 2007



**YOUNG SCOT ENTERPRISE**  
**NOTES ON FINANCIAL STATEMENTS**  
**for the year ended 31 March 2007**

**1 Accounting Policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards

The Company has taken advantage of the exemption from preparing a cash flow statement conferred by the Financial Reporting Standard No 1 on the grounds that it qualifies as a small company under the Companies Act 1985. The accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective Jan 2005) and the Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities" published in March 2005

**Turnover**

Turnover represents invoiced sales of products, services and is stated net of VAT

**Incoming resources**

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy, however, incoming resources are deferred when the charity does not have entitlement to these resources until the goods and services have been provided

Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers

Interest is included when receivable by the charity

**Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them

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

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular project are allocated directly, others are apportioned on an appropriate basis i.e. estimated project usage

**Irrecoverable VAT**

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred

**Recognition of Liabilities**

Young Scot endeavours to make provisions for any potential liabilities that the organisation may be open to and to incorporate these into the company's accounts as and when they are deemed to be tangible

**YOUNG SCOT ENTERPRISE**  
**NOTES ON FINANCIAL STATEMENTS**  
**for the year ended 31 March 2007**

**1 Accounting Policies (continued)**

**Pension Costs**

The charity participates in a defined benefit scheme and a stakeholder scheme. Pension costs for the defined benefit scheme are assessed in accordance with actuarial advice and based on the most recent actuarial valuation of the scheme. These costs are accounted for on the basis of charging the cost of providing pensions over the period during which the charity benefits from the employees' services.

**Tangible fixed assets and depreciation**

Tangible fixed assets are capitalised at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

|                                |              |
|--------------------------------|--------------|
| Computer equipment             | over 3 years |
| Furniture and Office equipment | over 5 years |
| Vehicles                       | over 3 years |

**Government Grants**

Government grants on capital expenditure are recognised in the income and expenditure and transferred to a restricted reserve and subsequently released annually over the expected life of the relevant asset by equal instalments.

Grants of a revenue nature are credited to other operating income in the period to which they relate. Grant income with specific restrictions on utilisation in terms of timing or service provision are deferred in accordance with the terms provided by the donor as appropriate.

**Stocks**

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

**Fund accounting**

- General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity which have not been designated for any other purpose.
- Designated funds comprise unrestricted funds that have been set aside by the directors for particular purposes. The aim and use of each designated fund is set out in note 13 to the financial statements.
- Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 15 to the financial statements.

YOUNG SCOT ENTERPRISE

NOTES ON FINANCIAL STATEMENTS

for the year ended 31 March 2007

|                            | Year ended<br>31st March<br>2007<br>£ | Year ended<br>31st March<br>2006<br>£ |
|----------------------------|---------------------------------------|---------------------------------------|
| <b>2 Investment Income</b> |                                       |                                       |
| Bank Interest Receivable   | <u>16,451</u>                         | <u>17,211</u>                         |

All of the company's investment income arises from an interest bearing deposit account

| <b>3 Incoming resources from charitable activities</b> | Unrestricted<br>Fund<br>£ | Designated<br>Fund<br>£ | Restricted<br>Funds<br>£ | Total<br>£       |
|--|---------------------------|-------------------------|--------------------------|------------------|
| Grants   | 1,006,920                 | 89,200                  | 283,180                  | 1,379,300        |
| Opening deferred income                                | 106,612                   |                         | 247,954                  | 354,566          |
| Income generated from services provided                | 822,837                   |                         |                          | 822,837          |
| Closing deferred income                                | (166,669)                 |                         | (78,102)                 | (244,771)        |
| <b>Total Income</b>                                    | <u>1,769,700</u>          | <u>89,200</u>           | <u>453,032</u>           | <u>2,311,932</u> |

Income is deferred where there is a liability to repay a grant not yet utilised, and on the sale of goods, where goods have not yet been distributed to local authorities

**4 Analysis of charitable expenditure**

|                              | Core<br>Products &<br>Services<br>£ | Info Line<br>Project<br>£ | Other<br>Restricted<br>Projects<br>£ | Designated<br>Project | Total<br>£       |
|------------------------------|-------------------------------------|---------------------------|--------------------------------------|-----------------------|------------------|
| Printing and design expenses | 524,619                             | 7,850                     | 9,321                                | 0                     | 541,790          |
| Postage and courier costs    | 8,524                               | 74                        | 1,244                                | 75                    | 9,917            |
| Conference fees              | 20,046                              | 3,242                     | 10,179                               | 39                    | 33,505           |
| Fees and commissions         | 257,297                             | 47,380                    | 34,942                               | 6,989                 | 346,609          |
| General office expenses      | 34,626                              | 10,887                    | 415                                  | 0                     | 45,928           |
| Marketing expenses           | 41,193                              | 96,187                    | 344                                  | 0                     | 137,724          |
| Wages and salaries (note 6)  | 540,877                             | 122,693                   | 69,732                               | 10,573                | 743,874          |
| Other Staff Costs (note 6)   | 52,372                              | 6,912                     | 3,563                                | 2,323                 | 65,171           |
| Stationery and telephone     | 19,147                              | 954                       | 2,327                                | 0                     | 22,429           |
| Subscriptions                | 729                                 | 130                       | 0                                    | 0                     | 860              |
| Financial costs              | 127,494                             | 8,719                     | 1,848                                | 999                   | 139,060          |
| Establishment costs          | 96,822                              | 23,674                    | 6,592                                | 0                     | 127,089          |
|                              | <u>1,723,747</u>                    | <u>328,702</u>            | <u>140,507</u>                       | <u>20,999</u>         | <u>2,213,955</u> |

Support costs have been allocated on a direct attributable basis based on the number of staff in each project



**YOUNG SCOT ENTERPRISE**  
**NOTES ON FINANCIAL STATEMENTS**

for the year ended 31 March 2006

|   | Year ended 31 <sup>st</sup><br>March 2007 | Year ended 31 <sup>st</sup><br>March 2006 |
|---|---|---|
|   | £   | £   |
| <b>5 Governance costs</b>                   |   |   |
| External auditor's remuneration             | 3,819                                     | 3,500                                     |
| Internal auditor's remuneration             | 3,850                                     | 4,151                                     |
| Board expenses                              | 3,256                                     | 3,657                                     |
|   | <u>10,925</u>                             | <u>11,308</u>                             |
| <br>  |   |   |
| <b>6 Staff Costs</b>                        | £   | £   |
| Wages and salaries                          | 633,641                                   | 594,894                                   |
| Social security costs                       | 48,382                                    | 41,725                                    |
| Other Staff Costs                           | 65,171                                    | 74,622                                    |
| Pension Costs                               | 61,851                                    | 45,826                                    |
|   | <u>809,045</u>                            | <u>757,067</u>                            |
| <br>  |   |   |
| No employee received more than £50,000      |   |   |
| Average number of employees<br>for the year |   |   |
| Full time employees                         | <u>25</u>                                 | <u>23</u>                                 |

The directors are not remunerated. The fourteen directors, listed on page one, received reimbursement, for attending meetings amounting to £nil (2006 £nil)

**7 Pension Commitments**

|                       | At 1 April<br>2006 | Provided | Released | At 31 March<br>2007 |
|-----------------------|--------------------|----------|----------|---------------------|
|                       | £                  | £        | £        | £                   |
| Total pension deficit | (70,000)           |          | 82,000   | 12,000              |

The accounts include an asset for pension of £12,000 (2006 (£70,000)) representing the surplus on the pension scheme at the year end

The Young Scot Enterprise Pension Fund is an approved scheme providing final salary benefits. The total contribution made for the year ended 31 March 2007 was £61,851 which represented employers contributions only

**YOUNG SCOT ENTERPRISE**  
**NOTES ON FINANCIAL STATEMENTS**

For the year ended 31 March 2007

**7 Defined Benefit Pension Scheme continued.**

FRS 17

The performance of the scheme has been reported under FRS 17, which was implemented during the year. The following information is based upon a full actuarial valuation of the Fund at 31 March 2005 updated to 31 March 2007 a qualified independent actuary. The current contribution rates for future years are 18.9% for employers and 6% for employees.

**The major assumptions used for the updated actuarial valuation were:**

|                   | <b>2007</b> | <b>2006</b> | <b>2005</b> |
|-------------------|-------------|-------------|-------------|
|                   | %           | %           | %           |
| Price increases   | 3.2         | 3.1         | 2.9         |
| Salary increases  | 4.7         | 4.6         | 4.4         |
| Pension increases | 3.2         | 3.1         | 2.9         |
| Discount rate     | 5.4         | 4.9         | 5.4         |

The expected long term rate of return on each class of assets was as follows

|          |     |     |     |
|----------|-----|-----|-----|
| Equities | 7.8 | 7.4 | 7.7 |
| Bonds    | 4.9 | 4.6 | 4.8 |
| Property | 5.8 | 5.5 | 5.7 |
| Cash     | 4.9 | 4.6 | 4.8 |

**Valuation of scheme assets and reconciliation to pension provision:**

|                                     | <b>2007</b> | <b>2006</b> | <b>2005</b> |
|-------------------------------------|-------------|-------------|-------------|
|                                     | £000        | £000        | £000        |
| Equities                            | 353         | 290         | 190         |
| Bonds                               | 25          | 20          | 20          |
| Property                            | 57          | 40          | 20          |
| Cash                                | 26          | 10          | 10          |
| <b>Total market value of assets</b> | <b>460</b>  | <b>350</b>  | <b>242</b>  |
| Present value of scheme liabilities | (448)       | (420)       | (277)       |

**Surplus in the scheme, equalling the net pension asset**

|           |             |             |
|-----------|-------------|-------------|
| <b>12</b> | <b>(70)</b> | <b>(35)</b> |
|-----------|-------------|-------------|



YOUNG SCOT ENTERPRISE

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 March 2007

7 Defined Benefit Pension Scheme continued.

Amounts included in the Consolidated Statement of Financial Activities:

|  | 2007<br>£000 | 2006<br>£000 |
|--|--------------|--------------|
| Amounts included in total resources expended             |              |              |
| Current service costs                                    | 63           | 46           |
| Past Service Costs                                       | (8)          | 0            |
| <b>Total amount included in total resources expended</b> | <b>55</b>    | <b>46</b>    |

Analysis of net return on scheme

|                                  |          |          |
|----------------------------------|----------|----------|
| Expected return on scheme assets | 28       | 20       |
| Interest on pension liabilities  | (22)     | (17)     |
| <b>Net return</b>                | <b>6</b> | <b>3</b> |

Amounts included in other recognised gains and losses:

|  |           |             |
|--|-----------|-------------|
| Difference between actual and expected return on scheme assets | 3         | 50          |
| Experience (losses)/gains                                      | (1)       | 3           |
| Changes in financial assumptions                               | 69        | (94)        |
| <b>Actuarial gain/(loss) in net movement of funds</b>          | <b>71</b> | <b>(41)</b> |

Amounts included in other recognised gains and losses:

As a % of scheme assets:

|  |     |      |
|--|-----|------|
| Difference between actual and expected return on scheme assets | 0.5 | 14.3 |
|--|-----|------|

As a % of present value of scheme liabilities:

|                                  |       |       |
|----------------------------------|-------|-------|
| Experience (losses)/gains        | (0.2) | 0.7   |
| Changes in financial assumptions | 15.8  | (9.7) |

Analysis of movement in the scheme during the year

|  | 2007<br>£000 | 2006<br>£000 |
|--|--------------|--------------|
| Deficit at the beginning of the year                           | (70)         | (35)         |
| Current service cost   | (63)         | (47)         |
| Contributions  | 60           | 46           |
| Past Service Costs   | 8            |              |
| Other finance income   | 6            | 3            |
| Actuarial gain/(loss)  | 71           | (41)         |
| <b>Surplus /(deficit) in the scheme at the end of the year</b> | <b>12</b>    | <b>(70)</b>  |

YOUNG SCOT ENTERPRISE

NOTES ON FINANCIAL STATEMENTS

for the year ended 31 March 2007

8 Fixed Assets

|                       | Furniture & Equipment<br>£ | Computer Equipment<br>£ | Motor Vehicles<br>£ | Total<br>£ |
|-----------------------|----------------------------|-------------------------|---------------------|------------|
| <b>Cost</b>           |                            |                         |                     |            |
| At 1 April 2006       | 80,232                     | 215,626                 | 102,435             | 398,293    |
| Additions             | 5,385                      | 43,402                  |                     | 48,787     |
| Disposal              |                            |                         |                     |            |
| At 31 March 2007      | 85,617                     | 259,028                 | 102,435             | 447,080    |
| <b>Depreciation</b>   |                            |                         |                     |            |
| At 1 April 2006       | 30,468                     | 154,895                 | 86,685              | 272,048    |
| Charge for the year   | 14,181                     | 35,125                  | 5,250               | 54,556     |
| At 31 March 2007      | 44,649                     | 190,020                 | 91,935              | 326,604    |
| <b>Net Book Value</b> |                            |                         |                     |            |
| At 31 March 2007      | 40,968                     | 69,008                  | 10,500              | 120,476    |
| At 31 March 2006      | 49,764                     | 60,731                  | 15,750              | 126,245    |

9 Stock

|                  | Year ended<br>31 <sup>st</sup> March<br>2007<br>£ | Year ended<br>31 <sup>st</sup> March<br>2006<br>£ |
|------------------|---|---|
| Goods for resale | 1,522   | 1,501   |

10 Debtors

|               | £       | £       |
|---------------|---------|---------|
| Trade Debtors | 289,195 | 226,909 |
| Other Debtors | 159,513 | 93,304  |
|               | 448,708 | 320,213 |

11 Creditors – due within one year

|                                       | £       | £       |
|---------------------------------------|---------|---------|
| Trade Creditors                       | 174,757 | 120,560 |
| Accruals                              | 113,027 | 67,315  |
| Deferred income                       | 244,771 | 354,566 |
| Other taxes and social security costs | 56,439  | 47,092  |
|                                       | 588,994 | 589,533 |

12 Taxation

The company has obtained charitable status for taxation purposes and the directors are of the opinion that no provision is required for taxation



**YOUNG SCOT ENTERPRISE**  
**NOTES ON FINANCIAL STATEMENTS**

for the year ended 31 March 2007

| 13 Reserves   | Year ended<br>31 <sup>st</sup> March 2007<br>£ | Year ended<br>31 <sup>st</sup> March 2006<br>£ |
|---|--|--|
| <b><u>Unrestricted General Funds</u></b>  |  |  |
| Balance at 1 April 2006 as originally stated  | 4,758  | 52,903   |
| Prior Year adjustment   |  | (35,000)                                       |
| Restated Balance  | <u>4,758</u>                                   | <u>17,903</u>                                  |
| Net Movement in Funds after Pension Asset / Liability   | 174,503  | (40,880)                                       |
| Transfer to restricted funds  |  | (32,650)                                       |
| Transfer from restricted funds  | 10,559   | 50,552   |
| Transfer from designated funds(Asset Replacement)   | 9,833  | 9,833  |
| Transfer to designated funds (Asset Replacement)  | (5,000)  |  |
| Transfer to designated funds (Capital Fund)   | (38,201)                                       |  |
| Transfer to designated funds(Hamlyn Project)  | (30,000)                                       |  |
| <b>Balance at 31 March 2007</b>   | <b><u><u>126,452</u></u></b>                   | <b><u><u>4,758</u></u></b>                     |
| <b><u>Restricted Funds (note 15)</u></b>  |  |  |
| Balance at 1 April 2006   | 35,979   | 53,881   |
| Capital transfer for the year   |  | 32,650   |
| Release for depreciation  | (10,559)                                       | (50,552)                                       |
| Balance at 31 March 2007  | <u><u>25,420</u></u>                           | <u><u>35,979</u></u>                           |
| <b><u>Designated Fund Asset replacements</u></b>  |  |  |
| Balance at 1 April 2006   | 17,167   | 27,000   |
| Transfer from general funds   | 5,000  |  |
| Transfer to general funds   | (9,833)  | (9,833)  |
| Balance at 31 March 2007  | <u><u>12,334</u></u>                           | <u><u>17,167</u></u>                           |
| This fund has been created to provide against the expected cost of replacing the information technology of the organisation, which are now coming to the end of their useful economic working lives   |  |  |
| <b><u>Designated Fund Capital Grant</u></b>   |  |  |
| Balance at 1 April 2006   |  |  |
| Transfer from general funds   | 38,201   |  |
| Transfer to general funds   |  |  |
| Balance at 31 March 2007  | <u><u>38,201</u></u>                           |  |
| This fund has been created to release the Capital Grant received from Youthlink Scotland in each year for the depreciation of these assets  |  |  |
| <b><u>Designated Fund Hamlyn Project</u></b>  |  |  |
| Balance at 1 April 2006   |  |  |
| Transfer from general funds   | 30,000   |  |
| Transfer to general funds   |  |  |
| Balance at 31 March 2007  | <u><u>30,000</u></u>                           |  |
| The fund was created in respect of funding received from the Hamlyn foundation during 2006/2007 in respect of activities for 2006 2008<br>This fund was created during 2006 2007 in accordance with the Charities SORP 2005 and will be released during 2007/2008 |  |  |
| <b>Total Funds</b>  | <b><u><u>232,407</u></u></b>                   | <b><u><u>57,904</u></u></b>                    |



## YOUNG SCOT ENTERPRISE

### NOTES ON FINANCIAL STATEMENTS

for the year ended 31 March 2006

#### 14 Related Party Transactions

There are no related party transactions as defined by *Financial Reporting Standard 8* on Related Party Transactions

|  | At 1 April<br>2006<br>£ | Incoming<br>Resources<br>£ | Outgoing<br>Resources<br>£ | At 31<br>March<br>2007<br>£ |
|--|-------------------------|----------------------------|----------------------------|-----------------------------|
| <b>15 Restricted Funds</b>                                   |                         |                            |                            |                             |
| Scottish Executive 21 <sup>st</sup> Century Government Grant | 900                     |                            | (900)                      | -                           |
| Modernising Government Fund II                               | 2,430                   |                            | (940)                      | 1,490                       |
| Scottish Executive Financial & Social Inclusion              | 32,649                  |                            | (8,719)                    | 23,930                      |
|  | <b>35,979</b>           |                            | <b>(10,559)</b>            | <b>25,420</b>               |

- Scottish Executive 21<sup>st</sup> Century Government Grant was given to create the National Youth Information Portal for Scotland ([www.youngscot.org](http://www.youngscot.org))
- Scottish Executive Modernising Government Fund II provided funding to a joint Young Scot / COSLA initiative to set up Dialogue Youth Units in collaboration with all Scottish local authorities. The fund will continue to be released over the useful life of the purchased assets
- Scottish Executive Financial & Social Inclusion provided funding to establish an Information Line Service to allow young people across Scotland to access information by telephone