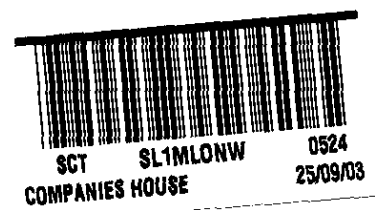


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VOLUNTEER DEVELOPMENT SCOTLAND LIMITED

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2003**



REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st March 2003

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OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Directors serving during the year ended 31st March 2003

Elected members

Richard Baldwin
Catherine Bradley – resigned 19th November 2002
Anne Boyd – resigned 19th November 2002
Andrew Coutts
Liz Ferguson
Sue Jones
Julie Mackie – resigned 31st May 2003
Akhtar Shah
Roger Hunter – appointed 19th November 2002
Jane Owen-Brennan – appointed 19th November 2002
Karen Willey – appointed 19th November 2002
Iain Turnbull – resigned 19th November 2002

Appointed members

Ian Ball (Chair)
Graeme Thom (Treasurer)
Harriet Eadie
Malcolm Jack – resigned 19th November 2002
Kathryn Mackenzie
Karl Monsen-Elvik – appointed 19th November 2002

Observers

Jon Harris – CoSLA
Lucy McTernan – SCVO

COMPANY SECRETARY

George Thomson

AUDITORS

Macfarlane Gray
Chartered Accountants &
Registered Auditors
15 Gladstone Place
Stirling
FK8 2NX

BANKERS

The Royal Bank of Scotland plc
82 Murray Place
Stirling
FK8 2DR

REGISTERED OFFICE

Stirling Enterprise Park
Stirling
FK7 7BP

COMPANY REGISTRATION NUMBER

SC106743

CHARITY NUMBER

SC013740

DIRECTORS' REPORT

The directors submit their report for the year ended 31st March 2003.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 year. 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.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.

ACCOUNTS

The directors submit the audited accounts of the company for the year ended 31st March 2003.

ACTIVITIES

The company was incorporated as a company limited by guarantee on 17th September 1987 and took over the business of Volunteer Development Scotland on 1st December 1987.

Volunteer Development Scotland is the Centre of Excellence for volunteering in Scotland. It is an intermediary body which delivers a range of services to all sectors and volunteering development organizations, including Government.

REVIEW OF THE BUSINESS

The organisation works across the sectors and through national and local networks. It promotes volunteering and builds public recognition for the role of volunteers. It contributes to and disseminates research on volunteering and has a lead role in the development of the Millennium Volunteers Programme, the Active Communities Strategy for Scotland, Volunteers Week, Time Bank Scotland and the Central Registered Body for Scotland.

VDS provides training courses, publishes advice on good practice and stands for quality and effectiveness in volunteering. It provides information and advice to businesses and voluntary organisations on employer supported volunteering, supports the Local Volunteer Centre network, and develops new approaches to volunteering in the NHS and in support of black and minority ethnic volunteering.

RISK MANAGEMENT

The directors have assessed the major risks to which the company is exposed and are satisfied that systems are in place to mitigate those risks.

RESERVES POLICY

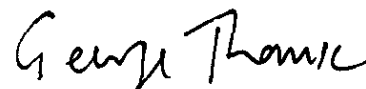
The directors have reviewed their financial responsibilities and have established a policy whereby unrestricted funds not committed or invested in tangible fixed assets (free reserves) held by the company should equate to £350,000. At this level the directors feel that they would be able to continue the current activities of the company in the event of a significant drop in funding, whilst also covering other identified contingencies. At present free reserves which amount to £212,117 do not reach this target and the directors aim to achieve the shortfall within the next 3 years.

DIRECTORS' REPORT (continued)

AUDITORS

Macfarlane Gray, Chartered Accountants & Registered Auditors, Stirling, being eligible for re-election have indicated their willingness to continue in office.

By order of the Board

A handwritten signature in dark ink, appearing to read 'George Thomson', written in a cursive style.

George Thomson

COMPANY SECRETARY

15th September 2003

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VOLUNTEER DEVELOPMENT SCOTLAND LIMITED**

We have audited the financial statements as presented on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies as set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the charity's directors are responsible 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 United Kingdom Auditing Standards

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' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information required by law regarding trustees' remuneration and transaction with the charity is not disclosed.

BASIS OF AUDIT REPORT

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 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.

BASIS OF OPINION

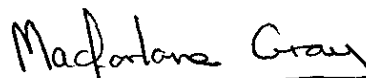
Audit Procedures

We conducted our audit in accordance with United Kingdom Auditing Standards 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 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 mis-statement, 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 statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2003 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 provisions of the Companies Act 1985 as applicable to the nature of the company.


MACFARLANE GRAY
Chartered Accountants
&

Registered Auditors

15th September 2003

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31st MARCH 2003 (summarised)

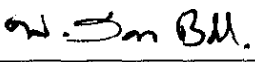
	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		<u>£</u>	<u>£</u>
INCOME		1,817,244	1,952,796
EXPENDITURE		<u>1,792,343</u>	<u>1,809,811</u>
SURPLUS	3	24,901	142,985
Released from deferred grants		-	<u>4,038</u>
SURPLUS/ FOR YEAR EXCLUDING CAPITAL GRANTS		24,901	147,023
Transfer to designated funds			-
Transfer from/(to) restricted funds		<u>18,481</u>	<u>(54,960)</u>
SURPLUS/(DEFICIT) FOR YEAR		<u>43,382</u>	<u>92,063</u>
Released from capital grants	3	<u>19,998</u>	<u>12,666</u>
RETAINED SURPLUS/(DEFICIT) FOR YEAR		<u>63,380</u>	<u>104,729</u>

The notes on pages 9 to 13 form part of these accounts.

BALANCE SHEET AS AT 31st MARCH 2003

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		£	£
TANGIBLE FIXED ASSETS	8	<u>209,530</u>	<u>221,782</u>
CURRENT ASSETS			
Prepayments and Accrued Income	9	45,092	45,267
Cash at Bank and Building Society	10	446,432	674,084
Cash on Hand		500	416
Sundry Debtors		-	10,138
		<u>492,024</u>	<u>729,905</u>
CREDITORS - Amounts falling due within one year			
Sundry Creditors and Accruals	11	<u>206,459</u>	<u>481,493</u>
NET CURRENT ASSETS		<u>285,565</u>	<u>248,412</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>495,095</u>	<u>470,194</u>
CREDITORS - Amounts falling due after more than one year			
Deferred Grants	12	-	-
TOTAL ASSETS LESS LIABILITIES		<u>495,095</u>	<u>470,194</u>
FINANCED BY:			
Unrestricted funds			
Designated funds		418,185	375,437
General funds		<u>3,462</u>	<u>2,828</u>
		421,647	378,265
Restricted funds		<u>73,448</u>	<u>91,929</u>
Total funds	13	<u>495,095</u>	<u>470,194</u>

Approved by the Board on 15th September 2003 and signed on behalf of the board by:

 DIRECTOR
Ian Ball

The notes on pages 9 to 13 form part of these accounts.

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31st MARCH 2003

		Unrestricted	Restricted	Total Funds	Total Funds
	Notes	Funds	Funds	2003	2002
		£	£	£	£
Incoming Resources					
Government Grants	4	263,486	1,323,643	1,587,129	1,726,008
New Deal Mentoring Services		-	-	-	112,980
Activities in furtherance of the charity's objects:					
Membership subscriptions		21,258	-	21,258	18,673
Courses and conferences		71,228	895	72,123	53,932
Fees		19,640	177	19,817	9,113
Publications		4,268	24	4,292	2,410
Sponsorship	5	7,692	-	7,692	2,500
Local Authority grants		475	2,000	2,475	560
Other grants	4	-	77,970	77,970	199,367
Interest received		24,073	-	24,073	12,487
Sundry income		<u>415</u>	<u>-</u>	<u>415</u>	<u>-</u>
Total Incoming Resources		<u>412,535</u>	<u>1,404,709</u>	<u>1,817,244</u>	<u>2,138,030</u>
Resources Expended					
Charitable Expenditure					
Grant paid out		-	301,683	301,683	121,730
Staff costs		214,559	680,554	895,113	876,623
Service costs		113,098	273,014	386,112	587,449
Property costs		14,141	104,426	118,567	178,623
Administration costs		<u>27,355</u>	<u>63,513</u>	<u>90,868</u>	<u>41,348</u>
Total Resources Expended		<u>369,153</u>	<u>1,423,190</u>	<u>1,792,343</u>	<u>1,805,773</u>
Net Incoming/(Outgoing) Resources		43,382	(18,481)	24,901	332,257
Total Funds at 1 April 2002		<u>378,265</u>	<u>91,929</u>	<u>470,194</u>	<u>137,937</u>
Total Funds at 31 March 2003		<u>421,647</u>	<u>73,448</u>	<u>495,095</u>	<u>470,194</u>

The notes on pages 9 to 13 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2003

1. ACCOUNTING POLICIES

Basis of Accounting

The Accounts have been prepared under the historical cost basis of accounting, and in accordance with Accounting and Reporting by Charities 2000- Statement of Recommended Practice.

Statement of Financial Activities

Expenditure has been allocated proportionate to staff time spent on each of the charity's activities.

Publications

All costs of producing publications are written off to the income and expenditure account in the year incurred.

Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset evenly over its useful life as follows:

Leasehold Property	: 10 years
Furniture & Fittings	: either 3 or 5 years
Computer & Electronic Equipment	: either 3 or 5 years

Accrued Income

It is policy to take income to the income and expenditure account in the year to which it relates. Accordingly, any income receivable at the balance sheet date is accrued in the accounts.

Funds

In compliance with Accounting and Reporting by Charities 2000-Statement of Recommended Practice, the directors have defined funds in terms of those which are of a restricted nature and those which are unrestricted.

Pensions

Pension fund arrangements are available for employees who elect to participate and are made either through the Pension Trust or alternatively through any personal pension scheme chosen individually by the employee. All schemes are money purchase arrangements. Contributions are charged to the income and expenditure account as incurred.

VAT

Income is shown net of VAT. Expenditure is shown inclusive of VAT, with an adjustment shown for any repayable input VAT. The company ceased to be registered for VAT on 30th September 2002.

2. EXCESS OF INCOME OVER EXPENDITURE

Excess of income over expenditure for the year is stated after charging:

	<u>2003</u>	<u>2002</u>
	£	£
Auditors' Remuneration for year (including VAT)	5,875	4,700
Under provision of Auditors' Remuneration year ended 31st March 2002	1,175	613

3. INCOME & EXPENDITURE ACCOUNT

During the year ended 31 March 2002 income amounting to £185,234 was received for capital purposes. This income was excluded from the Income & Expenditure Account. This sum represented the difference between the surplus shown on the Income and Expenditure Account, and that shown on the Statement of Financial Activities.

The capital release of £19,998 (2000:£12,666) is equivalent to the depreciation on the fixed assets which were purchased using this income. No income of this nature was received during the year ended 31 March 2003.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2003 (cont.)

4. GOVERNMENT GRANTS	<u>2003</u>	<u>2002</u>
	£	£
SCOTTISH EXECUTIVE		
<i>Voluntary Issues Unit</i>		
Core Grant	248,541	271,320
LVDA Grants Programme Administration	14,945	46,200
LVDA Special Projects	81,900	176,311
Active Communities Development Unit	101,635	117,447
Black and Minority Ethnic Volunteering	82,560	90,936
Employer Supported Volunteering	25,000	28,796
ICT Development (VB Support)	160,311	157,520
Time Bank	25,000	26,500
Volunteers Week	10,000	10,000
Central Registered Body	300,000	243,123
Training	6,450	-
Other	2,800	-
MV Pilot	9,400	-
ICT Development (Database)	-	52,500
International Year of Volunteering	-	53,413
Property Refurbishment	-	<u>105,000</u>
	<u>1,068,542</u>	<u>1,379,066</u>
<i>Health Department</i>		
Primary Care Grants Fund	301,683	121,942
Primary Care Grants Admin	172,672	158,858
Primary Care Grants Evaluation	7,100	6,508
NHS Local Events	-	<u>22,502</u>
	<u>481,455</u>	<u>309,810</u>
 <i>Social Work Services Inspectorate</i>		
Section 9 Training	<u>37,132</u>	<u>37,132</u>
 Total	<u>1,587,129</u>	<u>1,726,008</u>
	<u>2003</u>	<u>2002</u>
	£	£
OTHER SOURCES		
<i>Community Fund</i>		
Volunteers Week	17,270	85,767
Learning Service for Volunteering	-	2,761
National Centre for Volunteering	-	<u>68,684</u>
	<u>17,270</u>	<u>157,212</u>
 Scottish Enterprise (ESV)	10,000	10,000
Lloyds TSB Foundation for Scotland	27,300	20,000
Scottish Natural Heritage	8,000	4,600
SCVO	15,400	-
Carnegie Trust	-	4,000
Other Income	-	555
CSV	-	<u>3,000</u>
	<u>77,970</u>	<u>199,367</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2003 (cont.)

5. SPONSORSHIP	<u>2003</u>	<u>2002</u>
	£	£
Kwik Fit	2,500	2,500
Clydesdale Bank plc	<u>5,192</u>	<u>-</u>
	<u>7,692</u>	<u>2,500</u>

6. STAFF COSTS	<u>2003</u>	<u>2002</u>
	£	£
Salaries	721,726	674,521
Social Security Costs	64,906	62,936
Other Pension Costs	<u>33,462</u>	<u>37,629</u>
	<u>820,094</u>	<u>775,086</u>

The average number of employees during the year was 39 made up as follows:

	<u>2003</u>	<u>2002</u>
Professional Staff (Full Time)	20	21
Professional Staff (Part Time)	6	7
Administration (Full Time)	13	8
Administration (Part Time)	<u>0</u>	<u>4</u>
	<u>39</u>	<u>40</u>

No employees received remuneration in excess of £50,000 per annum.

Other than as detailed in note 14, directors are not remunerated. Seven directors received reimbursement of expenses for attending meetings, amounting to a total of £2,848 (2002:£1,934).

7. TAXATION

The Company is accepted as a charity for taxation purposes. It is considered that no liability to taxation will arise from the results for the year.

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	Furniture & Fixtures £	Computer/ Electronic Equipment £	TOTAL £
Cost				
As at 31/3/02	199,978	48,714	13,549	262,241
Additions	-	-	27,121	27,121
Disposals	-	-	-	-
As at 31/3/03	<u>199,978</u>	<u>48,714</u>	<u>40,670</u>	<u>289,362</u>
Depreciation				
As at 31/3/02	13,012	15,529	11,918	40,459
Charge for Year	19,998	8,326	11,049	39,373
Disposals	-	-	-	-
As at 31/3/03	<u>33,010</u>	<u>23,855</u>	<u>22,967</u>	<u>79,832</u>
Net Book Value				
As at 31/03/03	<u>166,968</u>	<u>24,859</u>	<u>17,703</u>	<u>209,530</u>
Net Book Value				
At 31/3/02	<u>186,966</u>	<u>33,185</u>	<u>1,631</u>	<u>221,782</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2003 (cont.)

9. PREPAYMENTS AND ACCRUED INCOME

	<u>2003</u>	<u>2002</u>
	£	£
Prepayments	27,258	6,542
Accrued Income	<u>17,834</u>	<u>38,725</u>
	<u>45,092</u>	<u>45,267</u>

10. CASH AT BANK

The bank balance at 31st March 2003 includes grants received in advance of £1,393 and administered funds of £72,832.

The company is involved in administering the setting up of volunteering development agencies in 30 local authorities. Each agency receives funds from the Scottish Executive, which are administered to them through the company. Nil was held at 31st March 2003 (2002 : Nil) Total income administered during the year amounted to £1,933,875 (2002: £913,500) and disbursements totalled £1,933,875 (2002: £913,550).

The company is involved in administering Primary Care Volunteering Fund. £72,832 was held at 31st March 2003 (2002 : £94,050). Disbursements of £301,683 were made in the year. (2002: £121,730)

11. CREDITORS – Amounts due within one year

	<u>2003</u>	<u>2002</u>
	£	£
V.D.S. Funds:		
Accrued Charges	90,894	82,370
Pension Fund Creditor	5,022	1,178
Subscriptions in Advance	12,175	9,453
Courses in Advance	558	1,369
Grants in Advance and Accrued Project Costs	1,393	290,472
Social Security Costs and Other Taxes	<u>23,585</u>	<u>2,601</u>
	<u>133,627</u>	<u>387,443</u>
Administered Funds:		
Primary Care Volunteering Project	<u>72,832</u>	<u>94,050</u>
Total	<u>206,459</u>	<u>481,493</u>
Grants in advance are made up of the following:		
N.H.S. Grants and income in advance	1,393	286,772
Scottish Executive Projects	-	2,700
Income in Advance	<u>-</u>	<u>1,000</u>
	<u>1,393</u>	<u>290,472</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2003 (cont.)

12. DEFERRED GRANTS

	<u>2003</u>	<u>2002</u>
	£	£
At beginning of year	-	15,511
Received during year	-	-
Taken to income during year	-	(11,473)
Released during year	-	<u>(4,038)</u>
At end of year	-	<u>-</u>

13. FUNDS

	Property Fund £	Designated Fund £	General Fund £	Restricted Fund £	Total Fund £
Balance at 1st April 2002	221,782	153,655	2,828	91,929	470,194
Net incoming/(outgoing) resources	-	-	43,382	(18,481)	24,901
Transfers between reserves	<u>(12,252)</u>	<u>55,000</u>	<u>(42,748)</u>	<u>-</u>	<u>-</u>
Balance at 31st March 2003	<u>209,530</u>	<u>208,655</u>	<u>3,462</u>	<u>73,448</u>	<u>495,095</u>
Represented by:					
Tangible fixed assets	209,530	-	-	-	209,530
Net current assets	-	208,655	114,069	169,300	492,024
Deferred income	-	-	-	(74,225)	(74,225)
Other current liabilities	<u>-</u>	<u>-</u>	<u>(110,607)</u>	<u>(21,627)</u>	<u>(132,234)</u>
	<u>209,530</u>	<u>208,655</u>	<u>3,462</u>	<u>73,448</u>	<u>495,095</u>

14. RELATED PARTY TRANSACTIONS

During the year the company paid a total of £5,000 plus VAT (2002: £5,400) to Scott-Moncrieff, Chartered Accountants. Graeme Thom, a director of the company, was a partner in Scott-Moncrieff.

15. CAPITAL

The Company is limited by guarantee and has no share capital.

16. PRESENTATION OF ACCOUNTS

The accounts have been adapted under Section 3(3) of Schedule 4 of the Companies Act 1985 to incorporate an income and expenditure account instead of a profit and loss account.

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31st MARCH 2003(detailed)

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Grants – Scottish Executive		1,587,129	1,540,774
Grants - Local Authority		2,475	560
Grants – Other		77,970	199,367
Sponsorship		7,692	2,500
Membership		21,258	18,673
Courses & Conferences		72,123	53,932
Fees		19,817	9,113
Publications		4,292	2,410
Interest received		24,073	12,487
Sundry income		415	-
Employment Service “New Deal” Mentoring Service		-	112,980
TOTAL INCOME		<u>1,817,244</u>	<u>1,952,796</u>
 GRANTS PAID OUT			
Primary Care		<u>301,683</u>	<u>121,730</u>
 STAFF			
Salaries	6	820,094	775,086
Travel		38,660	34,529
Conference and Training		14,263	16,644
Advert/Interview		21,976	49,696
Special Secretarial		<u>120</u>	<u>668</u>
		<u>895,113</u>	<u>876,623</u>
 COMMITTEE			
Travel		4,150	4,582
Conference and Training		<u>1,126</u>	<u>22</u>
		<u>5,276</u>	<u>4,604</u>
 VOLUNTEERS			
Training & Travel		<u>4,310</u>	<u>62,001</u>
 RESEARCH		<u>28,435</u>	<u>1,263</u>
 PREMISES & EQUIPMENT			
Rent		26,233	32,213
Water Rates		633	85
Insurance		6,107	4,220
Electricity		5,622	3,764
Furniture & Equipment		35,087	108,611
Maintenance & Cleaning		<u>10,977</u>	<u>13,526</u>
		<u>84,659</u>	<u>162,419</u>
 OPERATING COSTS			
Print & Stationery		23,963	27,216
Publications Costs		86,378	60,306
Postage		24,003	20,309
Library and Subscriptions		8,494	6,191
Telephone		9,534	18,543
Sundries		11,527	4,760
Hospitality		1,064	512
Meetings/Venues Costs		37,996	61,508
Bank Charges		25	38
Audit		7,050	5,312
Leasing costs		12,807	6,007
Other Professional		194,412	301,362
Public Relations, Promotions and Marketing		21,453	62,998
Input VAT Reclaimed		(5,212)	(14,133)
Depreciation	8	<u>39,373</u>	<u>20,242</u>
		<u>472,867</u>	<u>581,171</u>
 TOTAL EXPENDITURE		<u>1,792,343</u>	<u>1,809,811</u>