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VOLUNTEER DEVELOPMENT SCOTLAND LIMITED

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2002**



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COMPANIES HOUSE 25/10/02

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st March 2002

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OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Directors serving during the year ended 31st March 2002

Elected members

Richard Baldwin
Catherine Bradley
Anne Boyd
Andrew Coutts
John F Crotch – deceased 4 July 2002
Liz Ferguson
Sue Jones
H Campbell McQueen – resigned 5 December 2001
Akhtar Shah
Iain Turnbull
Julie Mackie – appointed 5 December 2001

Appointed members

Ian Ball (Chair)
Harriet Eadie
Malcolm Jack (Vice-Chair)
Kathryn Mackenzie
Graeme Thom (Treasurer)

Observers

Jon Harris – CoSLA
Alistair Murphy – Scottish Executive VIU
Hilary Campbell – SCVO – resigned February 2002
Lucy McTernan – SCVO – appointed February 2002

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 2002.

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 2002.

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, the United Nations International Year of Volunteers 2001, 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

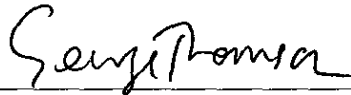
The directors have reviewed their financial responsibilities and have established a policy whereby unrestricted funds not committed or invested in tangible fixed assets (free reserves) held by the company should equate to £350,000. At this level the directors feel that they would be able to continue 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 £156,483 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

 COMPANY SECRETARY
George Thomson

22nd October 2002

**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 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 2002 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

22nd October 2002

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31st MARCH 2002 (summarised)

	<u>Notes</u>	<u>2002</u>	Restated* <u>2001</u>
		£	£
INCOME		1,952,796	1,294,414
EXPENDITURE		<u>1,809,811</u>	<u>1,250,279</u>
SURPLUS	3	142,985	44,135
Released from deferred grants		<u>4,038</u>	<u>3,302</u>
SURPLUS/ FOR YEAR EXCLUDING CAPITAL GRANTS		147,023	47,437
Transfer to designated funds		-	(14,224)
Released from capital grants	3	12,666	-
Transfer to restricted funds		<u>(54,960)</u>	<u>1,299</u>
RETAINED SURPLUS/(DEFICIT) FOR YEAR		<u>104,729</u>	<u>34,512</u>


* The comparative figures have been restated to reflect the company's new reserve policy.

BALANCE SHEET AS AT 31st MARCH 2002

	<u>Notes</u>	<u>2002</u>	<u>Restated*</u> <u>2001</u>
		<u>£</u>	<u>£</u>
TANGIBLE FIXED ASSETS	9	<u>221,782</u>	<u>23,634</u>
CURRENT ASSETS			
Sundry Debtors		10,138	-
Prepayments and Accrued Income	10	45,267	63,827
Cash at Bank and Building Society	11	674,084	587,021
Cash on Hand		<u>416</u>	<u>396</u>
		<u>729,905</u>	<u>651,244</u>
CREDITORS - Amounts falling due within one year			
Sundry Creditors and Accruals	12	<u>481,493</u>	<u>521,430</u>
NET CURRENT ASSETS		<u>248,412</u>	<u>129,814</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>470,194</u>	<u>153,448</u>
CREDITORS - Amounts falling due after more than one year			
Deferred Grants	13	-	<u>15,511</u>
TOTAL ASSETS LESS LIABILITIES		<u>470,194</u>	<u>137,937</u>
FINANCED BY:			
Unrestricted funds			
Designated funds		375,437	62,289
General funds		<u>2,828</u>	<u>38,679</u>
		378,265	100,968
Restricted funds		<u>91,929</u>	<u>36,969</u>
Total funds	14	<u>470,194</u>	<u>137,937</u>

* The comparative figures have been restated to reflect the company's new reserve policy.

Approved by the Board on 22nd October 2002 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 2002

		Unrestricted	Restricted	Total Funds	Total Funds
	Notes	Funds	Funds	2002	2001
		£	£	£	£
Incoming Resources					
Government Grants	4	456,554	1,269,454	1,726,008	861,131
New Deal Mentoring Services		112,980	-	112,980	168,914
Donations	5	-	-	-	1,250
Activities in furtherance of the charity's objects:					
Membership subscriptions		18,673	-	18,673	18,661
Courses and conferences		53,932	-	53,932	29,971
Fees		9,113	-	9,113	19,359
Publications		2,410	-	2,410	3,743
Sponsorship	6	2,500	-	2,500	13,000
Local Authority grants		560	-	560	555
Other grants	4	7,555	191,812	199,367	170,730
Interest received		<u>12,487</u>	<u>-</u>	<u>12,487</u>	<u>7,100</u>
Total Incoming Resources		<u>676,764</u>	<u>1,461,266</u>	<u>2,138,030</u>	<u>1,294,414</u>
Resources Expended					
Charitable Expenditure					
Training		50,966	165,660	216,626	135,176
Development		100,388	765,561	865,949	785,248
Membership services		24,023	27,314	51,337	33,789
Support costs		65,869	200,466	266,335	94,727
Consultancy		7,068	13,349	20,417	5,100
Networks		5,249	50,487	55,736	26,706
Management and administration		<u>182,873</u>	<u>146,500</u>	<u>329,372</u>	<u>166,231</u>
Total Resources Expended		<u>436,436</u>	<u>1,369,337</u>	<u>1,805,773</u>	<u>1,246,977</u>
Net Incoming Resources Before transfers		240,328	91,929	332,257	47,437
Transfers between reserves		<u>36969</u>	<u>(36,969)</u>	<u>-</u>	<u>-</u>
Net Movement in funds for the year		277,297	54,960	332,257	47,437
Total Funds at 1 April 2001		<u>100,968</u>	<u>36,969</u>	<u>137,937</u>	<u>90,500</u>
Total Funds at 31 March 2002		<u>378,265</u>	<u>91,929</u>	<u>470,194</u>	<u>137,937</u>

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2002

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
Office Equipment	: 3 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.

2. EXCESS OF INCOME OVER EXPENDITURE

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

	<u>2002</u>	<u>2001</u>
	£	£
Auditors' Remuneration for year (including VAT)	4,700	3,500
Under provision of Auditors' Remuneration year ended 31st March 2001	613	(92)

3. INCOME & EXPENDITURE ACCOUNT

Income received for capital purposes, amounting to £185,234, has been excluded from the Income & Expenditure Account. This sum represents 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 £12,666 is equivalent to the depreciation on the fixed assets which were purchased using this income.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2002 (cont.)

4. GOVERNMENT GRANTS	<u>2002</u>	<u>2001</u>
	£	£
SCOTTISH EXECUTIVE		
<i>Voluntary Issues Unit</i>		
Core Grant	271,320	244,000
LVDA Grants Programme Administration	46,200	41,200
LVDA Special Projects	176,311	37,570
Active Communities Development Unit	117,447	108,052
Black and Minority Ethnic Volunteering	90,936	46,964
Employer Supported Volunteering	28,796	21,204
ICT Development (VB Support)	157,520	64,000
ICT Development (Database)	52,500	64,000
International Year of Volunteering	53,413	18,789
Time Bank	26,500	30,000
Volunteers Week	10,000	10,000
Central Registered Body	243,123	-
Property Refurbishment	105,000	-
Giving Age	-	3,660
	<u>1,379,066</u>	<u>689,439</u>
<i>Health Department</i>		
Volunteering in Health	-	101,000
Primary Care Grants Fund	121,942	-
Primary Care Grants Admin	158,858	34,642
Primary Care Grants Evaluation	6,508	-
NHS Local Events	<u>22,502</u>	-
	<u>309,810</u>	<u>135,642</u>
<i>Social Work Services Inspectorate</i>		
Section 9 Training	<u>37,132</u>	<u>36,050</u>
Total	<u>1,726,008</u>	<u>861,131</u>
	<u>2002</u>	<u>2001</u>
	£	£
OTHER SOURCES		
<i>Community Fund</i>		
Learning Service for Volunteering	2,761	65,125
Millennium Festival for Volunteering	-	51,744
Volunteers Week	85,767	32,242
National Centre for Volunteering	<u>68,684</u>	-
	157,212	<u>149,111</u>
European Social Fund	-	4,963
Scottish Enterprise (ESV)	10,000	10,000
Carnegie Trust	4,000	6,000
Other Income	555	656
Lloyds TSB Foundation for Scotland	20,000	-
Scottish Natural Heritage	4,600	-
CSV	<u>3,000</u>	-
	<u>199,367</u>	<u>170,730</u>
5. DONATIONS	<u>2002</u>	<u>2001</u>
	£	£
Commerce	-	500
Camelot – Millennium Festival for Volunteering	-	<u>750</u>
	-	<u>1,250</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2002 (cont.)

6. SPONSORSHIP	<u>2002</u> £	<u>2001</u> £
<i>Millennium Festival for Volunteering</i>		
Marks & Spencer	-	10,000
MSF Union	-	<u>500</u>
	-	10,500
Kwik Fit	<u>2,500</u>	<u>2,500</u>
	<u>2,500</u>	<u>13,000</u>

7. STAFF COSTS	<u>2002</u> £	<u>2001</u> £
Salaries	674,521	535,622
Social Security Costs	62,936	50,854
Other Pension Costs	<u>37,629</u>	<u>35,353</u>
	<u>775,086</u>	<u>621,829</u>

The average number of employees during the year was 40 made up as follows:

	<u>2002</u>	<u>2001</u>
Professional Staff (Full Time)	21	15
Professional Staff (Part Time)	7	10
Administration (Full Time)	8	7
Administration (Part Time)	<u>4</u>	<u>2</u>
	<u>40</u>	<u>34</u>

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

Directors are not remunerated. Seven directors received reimbursement of expenses for attending meetings, amounting to a total of £1,934.

8. 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.

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Furniture & Fixtures £	Office Equipment £	Computer/ Electronic Equipment £	TOTAL £
Cost					
As at 31/3/01	11,473	29,058	29,166	79,310	149,007
Additions	188,505	-	29,885	-	218,390
Disposals	-	(18,316)	(21,079)	(65,761)	(105,156)
As at 31/3/02	<u>199,978</u>	<u>10,742</u>	<u>37,972</u>	<u>13,549</u>	<u>262,241</u>
Depreciation					
As at 31/3/01	-	25,644	26,066	73,663	125,373
Charge for Year	13,012	1,342	1,872	4,016	20,242
Disposals	-	(18,316)	(21,079)	(65,761)	(105,156)
As at 31/3/02	<u>13,012</u>	<u>8,670</u>	<u>6,859</u>	<u>11,918</u>	<u>40,459</u>
Net Book Value					
At 31/3/02	<u>186,966</u>	<u>2,072</u>	<u>31,113</u>	<u>1,631</u>	<u>221,782</u>
Net Book Value					
At 31/3/01	<u>11,473</u>	<u>3,414</u>	<u>3,100</u>	<u>5,647</u>	<u>23,634</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2002 (cont.)

10. PREPAYMENTS AND ACCRUED INCOME

	<u>2002</u>	<u>2001</u>
	£	£
Prepayments	6,542	13,867
Accrued Income	<u>38,725</u>	<u>49,960</u>
	<u>45,267</u>	<u>63,827</u>

11. CASH AT BANK

The bank balance at 31st March 2002 includes grants received in advance of £290,472 and administered funds of £94,050.

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 2002 (2001 : £300) Total income administered during the year amounted to £913,500 (2001: £899,500) and disbursements totalled £913,500 (2001: £889,200).

The company is involved in administering Primary Care Volunteering Fund. £94,050 was held at 31st March 2002 (2001 : £189,457). Disbursements of £121,730 were made in the year. (2001:nil)

12. CREDITORS – Amounts due within one year

	<u>2002</u>	<u>2001</u>
	£	£
V.D.S. Funds:		
Accrued Charges	82,370	32,057
Pension Fund Creditor	1,178	5,375
Subscriptions in Advance	9,453	7,751
Courses in Advance	1,369	3,531
Grants in Advance and Accrued Project Costs	290,472	255,606
Social Security Costs and Other Taxes	<u>2,601</u>	<u>27,353</u>
	<u>387,443</u>	<u>331,673</u>
 Administered Funds:		
Primary Care Volunteering Project	94,050	189,457
Local Volunteering Development Agencies	-	300
	<u>94,050</u>	<u>189,757</u>
 Total	 <u>481,493</u>	 <u>521,430</u>

Grants in advance are made up of the following:

Scottish Executive Projects	2,700	-
N.H.S. Grants	286,772	192,411
Income in Advance	1,000	-
Active Communities	-	17,447
Volunteer Bureaux	-	3,830
Primary Care	-	10,148
Employer Supported Volunteering	-	3,796
Black & Ethnic Minority Volunteering	-	4,936
Learning Service for Volunteers	-	2,761
Volunteers Week	-	<u>20,277</u>
	<u>290,472</u>	<u>255,606</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2002 (cont.)

13. DEFERRED GRANTS

	<u>2002</u>	<u>2001</u>
	£	£
At beginning of year	15,511	4,340
Received during year	-	14,473
Taken to income during year	(11,473)	-
Released during year	(4,038)	(3,302)
At end of year	<u>-</u>	<u>15,511</u>

14. FUNDS

	Property Fund £	Designated Fund £	General Fund £	Restricted Fund £	Total Fund £
Balance at 1st April 2001	23,634	38,655	38,679	36,969	137,937
Net incoming/(outgoing) resources	-	-	240,328	91,929	332,257
Transfers between reserves	<u>198,148</u>	<u>115,000</u>	<u>(276,179)</u>	<u>(36,969)</u>	<u>-</u>
Balance at 31st March 2002	<u>221,782</u>	<u>153,655</u>	<u>2,828</u>	<u>91,929</u>	<u>470,194</u>
Represented by:					
Tangible fixed assets	221,782				221,782
Net current assets		153,655	99,799	476,451	729,905
Deferred income				(384,522)	(384,522)
Other current liabilities			(96,971)		(96,971)
	<u>221,782</u>	<u>153,655</u>	<u>2,828</u>	<u>91,929</u>	<u>470,194</u>

15. RELATED PARTY TRANSACTIONS

During the year the company paid a total of £5,400 plus VAT to Scott- Moncrieff, Chartered Accountants. Graeme Thom, a director of the company, is a partner in Scott-Moncrieff.

16. CAPITAL

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

17. 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.