

VOLUNTEER DEVELOPMENT SCOTLAND LIMITED

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2005**



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COMPANIES HOUSE 05/09/05

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st March 2005

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OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Directors serving during the year ended 31st March 2005

Elected members

Richard Baldwin	(resigned 02.12.04)
Harriet Eadie	
Liz Ferguson	(resigned 02.12.04)
Roger Hunter	(resigned 02.12.04)
Jane Owen-Brennan	
Karen Willey	
Akhtar Shah	
Bryan Bannerman	
Ann Bain	
Rachel Caunt	
Hazel Hart	(elected 02.12.04)
David Jamieson	(elected 02.12.04)
Irene Swankie	(elected 02.12.04)

Appointed members

Graeme Thom (Treasurer)	
Kathryn Mackenzie, VC Scotland	(resigned 09.09.04)
Karl Monsen-Elvik, VC Scotland	
Sue Jones	
James Dornan, VC Scotland	(appointed 26.01.05)
Phyl Meyer	(appointed 26.01.05)

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 2005.

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 2005.

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

Volunteer Development Scotland serves as the National Centre for Excellence in volunteer development, playing a strategic role to maximize the positive impacts of volunteering on individuals, groups, organizations, communities and indeed society.

Volunteer Development Scotland has continued to work across the sectors through the national and local networks which are in place disseminating research and good practice within volunteering. Throughout the year we have had a key and lead role in a number of projects including the development of Investing in Volunteers programme, Volunteering in Schools Project, Millennium Volunteer Project and Community Development and Alliance.

During the year Volunteer Development Scotland also increased its role and dimension with regards to the recent introduction of the *Protection of Children in Scotland legislation (POCSA)* and our unit, the *Central Registered Body in Scotland*, has been responsible for processing the increased volume of applications and registrations arising as a result of this.

Volunteer Development Scotland has also continued to provide training to the voluntary sector and has published quality advice on good practice to be adopted within the sector. It has further developed policies, advice and information to businesses and voluntary organizations throughout Scotland whilst supporting the Local Centre Volunteer Network.

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 £450,000. 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 amount to £458,367 and the target has been achieved. The policy will therefore be subject to review in the year to 31 March 2006.

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 over a horizontal line.

George Thomson

COMPANY SECRETARY

**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

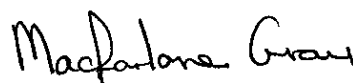
Audit Procedures

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 2005 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

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31st MARCH 2005 (summarised)

	<u>2005</u>	<u>2004</u>
	£	£
INCOME	2,611,785	1,858,623
EXPENDITURE	<u>2,547,303</u>	<u>1,783,531</u>
SURPLUS FOR YEAR	64,482	75,092
Restricted loss / (surplus)	<u>31,498</u>	<u>(6,678)</u>
UNRESTRICTED SURPLUS FOR YEAR BEFORE TRANSFERS	95,980	68,414
Transferred to designated fund	<u>(96,000)</u>	<u>(60,000)</u>
INCREASE/(DECREASE) IN GENERAL FUND	(20)	8,414

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

BALANCE SHEET AS AT 31st MARCH 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
TANGIBLE FIXED ASSETS	7	<u>138,413</u>	<u>170,602</u>
CURRENT ASSETS			
Prepayments and Accrued Income	8	80,549	16,858
Cash at Bank and Building Society	9	848,356	540,883
Cash on Hand		500	500
		<u>929,405</u>	<u>558,241</u>
CREDITORS - Amounts falling due within one year			
Sundry Creditors and Accruals	10	<u>433,149</u>	<u>158,656</u>
NET CURRENT ASSETS		<u>496,256</u>	<u>399,585</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>634,669</u>	<u>570,187</u>
TOTAL ASSETS LESS LIABILITIES		<u>634,669</u>	<u>570,187</u>
FINANCED BY:			
Unrestricted funds			
Designated funds		584,924	494,918
General funds		<u>11,856</u>	<u>11,876</u>
		596,780	506,794
Restricted funds		<u>37,889</u>	<u>63,393</u>
Total funds	11	<u>634,669</u>	<u>570,187</u>

Approved by the Board *[Signature]* and signed on behalf of the board by:

Karl J. Monsen-Elvik DIRECTOR
Karl Monsen- Elvik

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31st MARCH 2005

		Unrestricted	Restricted	Total Funds	Total Funds
	Notes	Funds	Funds	2005	2004
		£	£	£	£
Incoming Resources					
Government Grants	3	<u>1,694,719</u>	<u>695,251</u>	<u>2,389,970</u>	<u>1,671,908</u>
Activities in furtherance of the charity's objects:					
Membership subscriptions		28,504	-	28,504	26,029
Courses and conferences		63,144	2,160	65,304	57,214
Fees		27,663	40	27,703	34,478
Publications		474	-	474	3,118
Sponsorship	4	7,500	-	7,500	150
Other grants		32,950	13,309	46,259	44,000
Other income		7,500	-	7,500	-
Interest received		<u>38,571</u>	<u>-</u>	<u>38,571</u>	<u>21,726</u>
		206,306	15,509	221,815	186,715
Total Incoming Resources		<u>1,901,025</u>	<u>710,760</u>	<u>2,611,785</u>	<u>1,858,623</u>
Resources Expended					
Charitable Expenditure					
Staff costs		995,526	303,387	1,298,913	1,157,782
Service costs		568,043	206,381	774,424	354,239
Property costs		172,986	117,343	290,329	119,407
Administration costs		<u>68,490</u>	<u>115,147</u>	<u>183,637</u>	<u>152,103</u>
Total Resources Expended		<u>1,805,045</u>	<u>742,258</u>	<u>2,547,303</u>	<u>1,783,531</u>
Net Incoming/(Outgoing) Resources		95,980	(31,498)	64,482	75,092
Total Funds at 1 April 2004		<u>506,794</u>	<u>63,393</u>	<u>570,187</u>	<u>495,095</u>
Transfer Between Reserves		(5,994)	5,994	-	-
Total Funds at 31 March 2005	11	<u>596,780</u>	<u>37,889</u>	<u>634,669</u>	<u>570,187</u>

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2005

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.

Administered Funds

Income derived from the Primary Care Volunteering Fund has this year been treated as administered funds as the company has no discretion as to how these funds are to be used. This is a change in policy as in 2003 income received and grants paid out were shown as income and expenditure in the SOFA and Income and Expenditure Statement.

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>2005</u>	<u>2004</u>
	£	£
Auditors' Remuneration for year (including VAT)	6,700	6,500
Under provision of Auditors' Remuneration year ended 31st March 2004	-	-

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2005 (cont.)

3. GOVERNMENT GRANTS	<u>2005</u>	<u>2004</u>
	£	£
SCOTTISH EXECUTIVE		
<i>Voluntary Issues Unit</i>		
Core Grant	791,200	938,113
Volunteering in schools	47,934	-
VC Renfrewshire	62,500	-
ICT Development/Training Suite	75,000	23,689
POCSA	144,290	-
Central Registered Body	566,494	450,000
Other	14,996	-
Community Development Alliance	27,160	-
MV	109,000	-
MSAG	-	28,115
Volunteer Strategy / year of volunteer	25,000	38,000
Children in Scotland	75,165	-
VC capital grant	322,000	-
	<u>2,260,739</u>	<u>1,477,917</u>
<i>Health Department</i>		
Primary Care Grants Admin	<u>100,000</u>	<u>154,670</u>
<i>Social Work Services Inspectorate</i>		
Section 9 Training	<u>29,231</u>	<u>39,321</u>
Total	<u>2,389,970</u>	<u>1,671,908</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2005 (cont.)

4. SPONSORSHIP	<u>2005</u>	<u>2004</u>
	£	£
Clydesdale Bank plc	7,500	-
Royal Bank of Scotland	-	<u>150</u>
	<u>7,500</u>	<u>150</u>

5. STAFF COSTS	<u>2005</u>	<u>2004</u>
	£	£
Salaries	1,040,629	941,278
Social Security Costs	99,666	68,106
Other Pension Costs	<u>80,145</u>	<u>92,825</u>
	<u>1,220,440</u>	<u>1,102,209</u>

The average number of employees during the year was 49 made up as follows:

	<u>2005</u>	<u>2004</u>
	£	£
Professional/Operational Staff (Full Time)	36	39
Professional/Operational Staff (Part Time)	8	4
Administration Staff (Full Time)	3	5
Administration (Part Time)	<u>2</u>	<u>-</u>
	<u>49</u>	<u>48</u>

During the financial year to 31 March 2005 no employee received remuneration in excess of £50,000.

Other than as detailed in note 12, directors are not remunerated. Three directors received reimbursement of expenses for attending meetings, amounting to a total of £1,280 (2004:£1,551).

6. 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.

7. TANGIBLE FIXED ASSETS

	Leasehold Property £	Computer, Furniture & Fixtures £	Electronic Equipment £	TOTAL £
Cost				
As at 31/3/04	199,978	48,714	40,670	289,362
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31/3/05	<u>199,978</u>	<u>48,714</u>	<u>40,670</u>	<u>289,362</u>
Depreciation				
As at 31/3/04	53,008	31,735	34,017	118,760
Charge for Year	19,997	5,539	6,653	32,189
Disposals	-	-	-	-
As at 31/3/05	<u>73,005</u>	<u>37,274</u>	<u>40,670</u>	<u>150,949</u>
Net Book Value				
As at 31/03/05	<u>126,973</u>	<u>11,440</u>	-	<u>138,413</u>
Net Book Value				
At 31/3/04	<u>146,970</u>	<u>16,979</u>	<u>6,653</u>	<u>170,602</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2005 (cont.)

8. PREPAYMENTS AND ACCRUED INCOME

	<u>2005</u>	<u>2004</u>
	£	£
Prepayments	69,233	15,396
Accrued Income	<u>11,316</u>	<u>1,462</u>
	<u>80,549</u>	<u>16,858</u>

9. CASH AT BANK

The bank balance at 31st March 2005 includes a value in respect of administered funds of £11,216.

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 2005 (2004 : Nil) Total income administered during the year amounted to £2,318,750 (2004: £1,986,765) and disbursements totalled £2,318,750 (2004: £1,986,765).

The company is also involved in administering the Primary Care Volunteering Fund. £11,216 was held at 31st March 2005 (2004 : £7,960). Total income administered during the year amounted to £131,146 (2004: £186,244) and disbursements totalled £124,930 (2004: £186,244)

10. CREDITORS – Amounts due within one year

	<u>2005</u>	<u>2004</u>
	£	£
V.D.S. Funds:		
Accrued Charges	328,612	91,890
Pension Fund Creditor	11,344	12,623
Subscriptions in Advance	11,829	13,888
Courses in Advance	6,356	4,010
Grants in Advance and Accrued Project Costs	18,166	-
Other income in advance	13,300	-
Social Security Costs and Other Taxes	<u>32,326</u>	<u>28,285</u>
	<u>421,933</u>	<u>150,696</u>
Administered Funds:		
Primary Care Volunteering Project	<u>11,216</u>	<u>7,960</u>
Total	<u>433,149</u>	<u>158,656</u>
Grants in advance are made up of the following:		
ESF	<u>18,166</u>	-

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2005 (cont.)

11. FUNDS

	Property Fund £	Designated Fund £	General Fund £	Restricted Fund £	Total Fund £
Balance at 1st April 2004	170,602	324,316	11,876	63,393	570,187
Net incoming/(outgoing) resources	-	-	95,980	(31,498)	64,482
Transfers between reserves	(32,189)	122,195	(96,000)	5,994	-
Balance at 31st March 2005	<u>138,413</u>	<u>446,511</u>	<u>11,856</u>	<u>37,889</u>	<u>634,669</u>
Represented by:					
Tangible fixed assets	138,413	-	-	-	138,413
Current assets	-	446,511	445,005	37,889	929,405
Other current liabilities	-	-	(433,149)	-	(433,149)
	<u>138,413</u>	<u>446,511</u>	<u>11,856</u>	<u>37,889</u>	<u>634,669</u>

The Property Fund has been set up to assist in identifying those funds that are not free funds and it represents the net book value of tangible fixed assets.

Designated Funds are unrestricted funds which the directors have set aside for particular purposes as outlined in the reserves policy on page 3.

General Funds are those funds which the directors are free to use in accordance with the charitable objects.

Restricted Funds are funds which have been given for particular purposes and projects.

12. RELATED PARTY TRANSACTIONS

During the year the company paid a total of £3,000 plus VAT (2004: £3,000) to Scott-Moncrieff, Chartered Accountants. Graeme Thom, a director of the company, is a consultant in Scott-Moncrieff.

13. CAPITAL

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

14. 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 2005(detailed)

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		£	£
Grants – Scottish Executive		2,389,970	1,671,908
Grants – Other		46,259	44,000
Sponsorship		7,500	150
Membership		28,504	26,029
Courses & Conferences		65,304	57,214
Fees		27,703	34,478
Publications		474	3,118
Other income		7,500	-
Interest received		38,571	21,726
TOTAL INCOME		<u>2,611,785</u>	<u>1,858,623</u>
STAFF			
Salaries	5	1,220,440	1,102,209
Travel		25,833	28,963
Conference and Training		30,159	21,728
Advert/Interview		8,152	5,413
Agency		15,346	-
		<u>1,299,930</u>	<u>1,158,313</u>
COMMITTEE			
Travel		13,156	3,474
Conference and Training		-	-
		<u>13,156</u>	<u>3,474</u>
GRANTS DISBURSED		<u>271,580</u>	-
VOLUNTEERS			
Training & Travel		1,299	1,629
RESEARCH		<u>7,689</u>	<u>3,324</u>
PREMISES & EQUIPMENT			
Rent		60,142	37,645
Insurance		9,454	7,183
Electricity		9,939	6,997
Furniture & Equipment		244,519	64,943
Maintenance & Cleaning		8,443	9,823
		<u>332,497</u>	<u>126,591</u>
OPERATING COSTS			
Print & Stationery		23,719	22,082
Publications Costs		84,109	81,803
Postage		33,706	40,788
Library and Subscriptions		21,058	14,237
Telephone		30,367	18,420
Sundries		2,606	1,771
Hospitality		2,455	2,267
Meetings/Venues Costs		56,180	48,598
Bank Charges		-	14
Audit		6,700	7,675
Leasing costs		9,726	12,974
Other Professional		305,024	187,715
Public Relations, Promotions and Marketing		13,313	12,927
Depreciation	7	32,189	38,929
		<u>621,152</u>	<u>490,200</u>
TOTAL EXPENDITURE		<u>2,547,303</u>	<u>1,783,531</u>