

**Project Scotland**  
(a company limited by guarantee)  
**Report and financial statements**  
**Year ended 31 March 2012**

Charity No: SC035464

Company No: SC267476



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## Legal and administrative details

**Directors**  
Ian McAteer (Chairman)  
Julia Ogilvy (resigned 13 September 2011)  
Rachael Arnold (resigned 7 June 2011)  
Matthew Benson  
Colette Douglas Home (resigned 7 June 2011)  
Fiona Duff (appointed 7 June 2011)  
John Glen (appointed 7 June 2011)  
Laura Greatrex (appointed 24 January 2012)  
John Mulgrew  
Norman Yarrow (resigned 26 March 2012)

## Senior Management Team

**Chief Executive** Susan Watt  
**Deputy Chief Executive** Rucelle Soutar

**Registered office** 20 Hopetoun Street  
Edinburgh  
EH7 4GH

**Auditors** Baker Tilly UK Audit LLP  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

**Bankers** Lloyds TSB  
Hanover Street  
Edinburgh  
EH2 2DS

**Solicitors** Lindsays  
19a Canning Street  
Edinburgh  
EH3 8HE

**Company number** SC 267476

**Charity number** SC 035464

## **Directors' Report**

### **Directors and Advisors**

The directors and advisors of the charity and key administrative details of the charity are set out on page 1.

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

Project Scotland (hereinafter referred to as "ProjectScotland") is a company limited by guarantee incorporated on 6 May 2004 and registered as a charity on 18 May 2004. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed by the Articles of Association.

Under those Articles the Directors of the Board are elected at the AGM to serve a maximum period of 6 years. The Board composition seeks to reflect the different stakeholders and environment in which ProjectScotland operates. ProjectScotland 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.

All new Directors are issued with an induction pack and meet the Chairman and senior management 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. Training is provided for existing Directors as identified on an annual basis.

The major risks to which ProjectScotland is exposed are reviewed quarterly by the Board and procedures have been established to mitigate these risks. The major risk which the organisation faces is failing to secure the projected voluntary income within the five year plan.

The Chief Executive is responsible for the day to day management and operation of the charity on behalf of the Directors.

### **Objectives and Activities**

ProjectScotland's vision is to be Scotland's national youth volunteering programme, offering high quality full time volunteering opportunities to a significant number of young people thus bringing about a significant economic and cultural shift to the benefit of Scottish society.

The organisation sets out to change the lives of young Scots by matching them to developmental volunteering projects created with not-for-profit partners. By harnessing the energy of young adults, ProjectScotland delivers an enormous boost to the work of its partners in communities all over Scotland. It establishes and develops links between young people, their communities and local businesses which support them.

ProjectScotland's primary goal is achieving positive outcomes for young people which reflect a greater realisation of individual potential and skills development while instilling a culture of active citizenship.

In so doing, it aims to demonstrate maximum value for money to its funders.

This is achieved by:

- providing young people of all backgrounds the opportunity to benefit from a period of up to six months to develop personal skills and new social networks, enhance their life choices and become more active citizens.
- recruiting and training adult volunteers as mentors to young people.
- maintaining a strong brand to improve the image and opportunities available for volunteering and create a culture of service to support worthwhile community activity in Scotland.
- supporting not-for-profit organisations to build their capacity to involve and manage volunteers in meaningful and rewarding experiences.

## **Directors' Report** *(continued)*

- providing a stepping stone for all young people into opportunities in further education and training, employment and volunteering

### **Achievements and Performance**

2011/12 was another year in which ProjectScotland volunteers, mentors and partner charities changed lives and made a real difference to communities and individuals across Scotland.

We continued to deliver high quality structured volunteering for young people in various innovative projects covering a range of areas of interest and stages of development.

Funded by Santander the "My Community My Vision" photography project in Glasgow introduced the idea of telling stories through images. Both volunteers and mentors were involved as participants and feedback was very positive. We propose to run further facilitated photography workshops in the future based on this trial.

The Dale Project was designed to address the issue "Are graduates ready for the transition from University in to the workplace?" We ran this in conjunction with the Robert Owen Institute and a group of six recent graduates who explored issues like youth engagement and social capital and their relevance when transitioning from study to work.

We are gradually building a new income stream through our Enterprising ProjectScotland activities. We delivered new insights in to mentoring to groups from Aberdeenshire, Glasgow City and Edinburgh Councils with more organisations in the pipeline for 2012.

We have continued to deliver evaluation services for our charity partners with recent work being completed for the Iona Community's anti-sectarian programme in prisons "Can you hear the Bigots Sing?" and evaluation consultancy and reporting for Wellhouse Community Trust.

We set out this year to add tangible value to volunteers, partners and funders through the development of ProjectScotland products. Our mentor training and evaluation services have supported this. In addition new Enterprising ProjectScotland offerings have been developed during the year for delivery in 2012. These will be offered to volunteers over the coming year in addition to forming part of our growing offering to customer organisations.

Our other aim was to progress towards the long term sustainability of the organisation through securing a broad range of income sources. We are working towards this by developing the enterprise part of our business and anticipate "sales" will increase over 2012 and beyond.

We continue to seek funding through Trusts and Foundations and have been working towards developing and strengthening our relationships with existing funders to ensure ongoing support in addition to sourcing new potential funders for the future.

Our volunteers continue to report increased confidence and a more positive outlook after their ProjectScotland experience and we plan to develop new ways of evaluating these changes.

### **Financial Review**

The incoming resources for the year amounted to £653k (2011: £1,986k). Resources expended amounted to £1.18m (2010: £1.91m) leaving net outgoing resources of £532k (2011: £76k incoming). Gains on investment assets of £25k (2011: nil) brought the total net reduction in funds to be £507k (2011: £76k increase). The principal income came from grants and donations.

The Board has established a reserves policy to cover known commitments through designated reserves and to ensure that the remaining general unrestricted and undesignated reserves held by the Company are greater than 3 months of costs. For the year ahead expenditure over 3 months is expected to be £175k. With general unrestricted reserves of £980k as at 31 March 2012 the Company is operating within its reserves policy.

## **Directors' Report** *(continued)*

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the Directors. The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Designated reserves existing at the year end were as follows (see note 13):

### **Development Reserve**

These funds have been designated to align with the organisation's strategy to focus on future sustainability. This reserve will ensure that the organisation can focus on key strategies whilst remaining confident that the organisation is still a going concern. The amount required has been reduced during the year since securing agreement to allow volunteers to remain on job seeker's allowance whilst volunteering. The amount set aside represents the estimated costs of business development, salaries, infrastructure and other costs less the minimum amount of income the organisation expects to raise whilst enabling the strategy to take effect. The reserve is expected to be drawn down over the next 3-4 years.

### **Investments**

Day-to-day funds are held in a current account earning interest at the base rate less 0.25%. During the year £1.5m was also invested in short term deposits earning interest of up to 1.4%. With rising inflation the Board implemented a "cautious with risk" investment strategy aimed at outperforming RPI and in November 2011 invested £1m as advised and managed externally by Brewin Dolphin. From November 2011 to March 2012 the portfolio provided a total weighted return of 2.8% against the RPI benchmark of 1.2%.

ProjectScotland owns two ordinary £1 shares in PS Enterprises Limited, a dormant subsidiary company. The charity is exempt from producing group accounts as the gross income of the group in the accounting period is below the threshold for preparing group accounts.

### **Plans for Future Periods**

ProjectScotland's vision is to be Scotland's national youth volunteering organisation, offering high quality full time volunteering opportunities to a significant number of young people thus bringing about an economic and cultural shift to the benefit of Scottish society.

This generation of young adults faces an uncertain future. Unemployment among 18 – 24 year olds is at the highest since the early 1980s. We commissioned research by Scot Cen which shows that unemployment among 25 – 29 year olds has risen just as sharply as it has among the younger age group. We are so concerned about this statistic we have now opened up the age range so that young adults of up to the age of 30 can volunteer with ProjectScotland.

Evidence from previous recessions shows that an early period of unemployment can have a "scarring" effect on an individual's future well-being as well as future earnings. The Scottish and UK governments have responded to this national challenge with a range of employability schemes, including the Work Programme.

ProjectScotland's contribution will be to offer 1000 volunteering opportunities in the coming year to 18 – 30 year olds who are not working, or in temporary or part time work.

Our approach is not to treat young adults as unemployment statistics, but as individuals. We will work to develop a powerful blend of a full-time volunteer role in one of our partner charities, mentoring support from an independent adult volunteer mentor and access to four personal development workshops:

ProjectScotland cannot promise a job to volunteers at the end of their volunteering but each volunteer will be better equipped to make positive choices about the future.

**Directors' Report** *(continued)*

**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditors**

Baker Tilly UK Audit LLP offer themselves for re-appointment in accordance with the Companies Act 2006.

On behalf of the Board

Ian McAteer

Director and Chair



Date: 25.6.12

## **Independent Auditors' Report to the Directors and Members of Project Scotland**

We have audited the financial statements of Project Scotland for the year ended 31 March 2012 on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's directors 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 charity, its members as a body, and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' responsibilities set out on page 5 the trustees (who are also directors of the charitable company for the purposes of Company Law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent Auditors' Report to the Directors and Members of Project Scotland

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charity has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

*Baker Tilly in Audit LLP*

KELLY ADAMS (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH9 3QG

Date: 27/6/12.

BAKER TILLY UK AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**Statement of Financial Activities (incorporating an income and expenditure account)**  
*for the year ended 31 March 2012*

	<i>Note</i>	Unrestricted General funds year to 31 March 2012 £	Designated funds year to 31 March 2012 £	Restricted funds year to 31 March 2012 £	Total funds year to 31 March 2012 £	Total funds year to 31 March 2011 £
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income	2	49,633	-	75,700	125,333	173,473
Activities for generating funds	3	8,440	-	-	8,440	10,500
Investment income	4	28,380	-	-	28,380	22,216
Incoming resources from charitable activities	5	-	-	490,349	490,349	1,780,396
<b>Total incoming resources</b>		<b>86,453</b>	<b>-</b>	<b>566,049</b>	<b>652,502</b>	<b>1,986,585</b>
<b>Resources expended</b>						
Costs of generating funds:						
Cost of generating voluntary income		17,382	-	23,687	41,069	21,328
Cost of activities for generating income		7,747	-	-	7,747	6,182
Investment management costs		2,258	-	-	2,258	-
Charitable activities	6	266,567	30,000	827,997	1,124,564	1,875,079
Governance costs	7	9,158	-	-	9,158	7,374
<b>Total resources expended</b>		<b>303,112</b>	<b>30,000</b>	<b>851,684</b>	<b>1,184,796</b>	<b>1,909,963</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(216,659)</b>	<b>(30,000)</b>	<b>(285,635)</b>	<b>(532,294)</b>	<b>76,622</b>
Transfers between funds		272,000	(272,000)	-	-	-
<b>Net (outgoing)/incoming resources before other recognised gains/losses</b>	13,14	<b>55,341</b>	<b>(302,000)</b>	<b>(285,635)</b>	<b>(532,294)</b>	<b>76,622</b>
<b>Other recognised gains/losses</b>						
Gains on investment assets		25,289	-	-	25,289	-
<b>Net movement in funds during year</b>		<b>80,630</b>	<b>(302,000)</b>	<b>(285,635)</b>	<b>(507,005)</b>	<b>76,622</b>
Funds brought forward		899,269	2,402,000	324,986	3,626,255	3,549,633
<b>Funds carried forward</b>		<b>979,899</b>	<b>2,100,000</b>	<b>39,351</b>	<b>3,119,250</b>	<b>3,626,255</b>

None of the charity's activities were acquired or discontinued during the above two financial periods.

**Balance Sheet**  
 as at 31 March 2012

	<b>Note</b>	<b>2012 £</b>	<b>2011 £</b>
<b>Fixed assets</b>			
Tangible assets	10a	-	-
Investments	10b	1,021,505	-
Investment in subsidiary undertaking	10c	2	2
		<u>1,021,507</u>	<u>2</u>
<b>Current assets</b>			
Debtors due within one year	11	46,986	24,911
Cash at bank and in hand		2,147,124	3,801,610
		<u>2,194,110</u>	<u>3,826,521</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(96,367)	(200,268)
<b>Net current assets</b>		<u>2,097,743</u>	<u>3,626,253</u>
<b>Net assets</b>		<u><u>3,119,250</u></u>	<u><u>3,626,255</u></u>
<b>Funds</b>			
Unrestricted funds			
General reserves	13	979,899	899,269
Designated reserves	13	2,100,000	2,402,000
Restricted funds	14	39,351	324,986
<b>Total funds</b>		<u><u>3,119,250</u></u>	<u><u>3,626,255</u></u>

Approved and authorised for issue by the Board of Directors and signed on their behalf by:

Ian McAteer  
 Chair

Date: 25.6.12

**Cash Flow Statement**  
*for the year ended 31 March 2012*

	<i>Note</i>	<b>2012 £</b>	<b>2011 £</b>
<b>Cash (outflow)/inflow from operating activities</b>	16	(686,650)	55,872
<b>Returns on investment and servicing of finance</b>			
Interest received		25,658	22,216
Dividends received		2,722	-
		<hr/>	<hr/>
<b>Net cash inflow from returns on investments and servicing of finance</b>		28,380	22,216
		<hr/>	<hr/>
<b>Capital expenditure and financial investment</b>			
Purchase of investments		(804,340)	-
Sale of investments		19,722	-
		<hr/>	<hr/>
<b>Net cash outflow for capital expenditure and financial investment</b>		(784,618)	-
		<hr/>	<hr/>
<b>(Decrease)/Increase in cash</b>	17	<b>(1,442,888)</b>	<b>78,088</b>
		<hr/>	<hr/>

**Notes***(forming part of the financial statements)***1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

**(a) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. They have also been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in April 2005. Accordingly, the arrangement and headings have been adapted as provided for in the Companies Act 2006, Part 15.

**(b) Going concern**

Following withdrawal of core Scottish Government funding in 2008/09, the principal risk for Project Scotland continues to be the sourcing of alternative funding streams. However, Project Scotland has a four year strategic plan in place to ensure the continued operation of the organisation and sufficient cash reserves to ensure this plan can be implemented. On this basis, the Directors believe it is appropriate to prepare the accounts on the going concern basis

**(c) Status**

The charity is a company limited by guarantee. The members of the charity are the directors named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member.

**(d) Reserves/Funds**

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 restricted funds is set out in note 14 of the financial statements.

**(e) Incoming resources**

All incoming resources, except investment income, are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Investment income is recognised on a receivable basis. Gifts in kind and donated services/facilities are included in the Statement of Financial Activities at the commercial value agreed with the donor. The equivalent cost of the donated good/service is allocated to the appropriate expenditure line.

**(f) 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.

**Notes (continued)**

**1. Accounting policies (continued)**

Costs of generating voluntary income comprises those costs incurred by the charity in making grant applications to trusts and foundations, attending networking events, corresponding and meeting with company representatives etc. Costs include the salaries, expenses and administration of these fundraising activities. These costs are allocated based on an estimate of the proportion of time that personnel spend on generating voluntary income.

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. These costs are allocated based on an estimate of the proportion of time that personnel spend on charitable activities.

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.

Support costs are those costs which are necessary to deliver an activity but do not themselves produce the output of the charitable activity. It includes the central office functions such as general management, finance, information technology and administration.

**(g) Capitalisation and depreciation**

The company capitalises tangible fixed assets with a cost greater than £10,000. Assets are held at historic cost and depreciated on a straight line basis over 3 years.

**(h) Operating leases**

Rentals in relation to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

**(i) Pension costs**

The company contributes to defined contribution money purchase pension schemes for its members. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting year.

**(j) Taxation**

The company is a Scottish registered charity and is recognised as such by HMRC for UK taxation purposes. As a result there is no liability to UK taxation on any of its income or capital gains.

**(k) Investments**

Investments are shown at market value. Additions are shown at cost and gains and losses are recognised in the Statement of Financial Activities in the period in which they arise.

In addition, ProjectScotland has two £1 ordinary shares in PS Enterprises Limited, a dormant subsidiary. The investment is held at historic cost within the accounts. The charity is exempt from producing group accounts as the gross income and assets of the group in the accounting period are below the threshold for preparing group accounts.

**Notes (continued)**

**2 Voluntary income**

	2012 £	2011 £
Donations and other grants	125,333	124,807
Third Sector Enterprise Fund	-	48,666
	<u>125,333</u>	<u>173,473</u>

**3 Activities for generating funds**

	2012 £	2011 £
Social enterprise income	8,440	10,500

**4 Investment income**

	2012 £	2011 £
Bank interest receivable	25,231	22,216
Investment income	3,149	-
	<u>28,380</u>	<u>22,216</u>

**5 Incoming resources from charitable activities**

	2012 £	2011 £
Contractual payments for volunteering opportunities	154,463	76,538
Scottish Government	(66,439)	240,000
Future Jobs Fund	382,335	1,463,858
	<u>470,349</u>	<u>1,780,396</u>

During the year £66,439 was returned to the Scottish Government being travel expenses not incurred in the Summer Leavers' programme.

**6 Resources expended on charitable activities**

	2012 £	2011 £
Activities undertaken directly	920,932	1,657,744
Support costs	203,632	217,335
	<u>1,124,564</u>	<u>1,875,079</u>

**7 Governance costs**

	2012 £	2011 £
External audit costs	6,185	5,812
Professional advice	2,277	1,044
Cost of trustee meetings	696	518
	<u>9,158</u>	<u>7,374</u>

**Notes (continued)**

**8 Directors' remuneration and expenses and related party transactions**

None of the directors received any remuneration for services as a director during the period. Two directors received reimbursement of expenses amounting to £226 (2011: £723 for one director). The Memorandum of Association permits payment to directors for non management services on an arm's length basis. Ian McAteer is a director of the Union Advertising Agency Ltd which produced some of the company's marketing material at a cost of £5,542 (2011: £7,537). There were no amounts due to Union Advertising Agency Ltd at the year end.

**9 Staff costs**

	2012 £	2011 £
Gross wages	309,363	263,864
Social security costs	33,200	27,600
Pension costs	26,017	24,648
	<u>368,580</u>	<u>316,112</u>

The average number of employees, calculated on a full time equivalent basis, was 9 (2011: 8). The number of employees with emoluments greater than £60,000 in the period under review was as follows:

	2012 No.	2011 No.
£60,000 - £69,999	1	1
	<u>1</u>	<u>1</u>

During the year £6,225 (2011: £6,038) was paid toward the provision of defined contribution pension schemes for these employees.

**10 Fixed Assets**

(a) Tangible Assets	Information Technology
	£
<b>Cost</b>	
At 1 April 2011	493,984
Disposal	(493,984)
Cost at 31 March 2012	<u>-</u>
<b>Depreciation</b>	
At 1 April 2011	493,984
Disposal	(493,984)
At 31 March 2012	<u>-</u>
<b>Net Book Value</b>	
At 31 March 2012	<u>-</u>
At 31 March 2011	<u>-</u>

**Notes (continued)**

**10 Fixed Assets (continued)**

	2012
	£
(b) Investments	
Opening Market Value	-
Additions at cost	804,340
Disposal proceeds	(19,722)
Realised gain	354
Unrealised gains	24,935
	<hr/>
Closing Market Value	809,907
	<hr/>

	Market Value 2012 £	Investment Income 2012 £	Market Value 2011 £	Investment Income 2011 £
UK Bonds & Equities	562,032	2,235	-	-
North American Equities	36,597	-	-	-
Global investments	89,691	-	-	-
Absolute Return	105,493	-	-	-
Property	16,094	487	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	809,907	2,722	-	-
Cash	211,598	427	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,021,505	3,149	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

	Shares in group undertakings
(c) Investment in subsidiary undertaking	
<b>Cost</b>	£
At 1 April 2011 and 31 March 2012	2
	<hr/>
<b>Net Book Value</b>	
At 31 March 2012	2
	<hr/>
At 31 March 2011	2
	<hr/>

ProjectScotland owns two ordinary £1 shares in PS Enterprises Limited, a dormant subsidiary company. The charity is exempt from producing group accounts as the gross income of the group in the accounting period is below the threshold for preparing group accounts.

**Notes (continued)**

**11 Debtors**

	2012 £	2011 £
Trade debtors	37,980	-
Accrued income	1,800	16,149
Prepayments	7,206	8,762
	<u>46,986</u>	<u>24,911</u>

**12 Creditors: Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	50,872	7,538
Other taxes and social security	8,669	9,104
Accruals	34,856	183,626
Deferred income	1,970	-
	<u>96,367</u>	<u>200,268</u>

**13 Analysis of unrestricted reserves**

	Balance at 1 April 2011 £	Incoming Resources £	Resources Expended £	Transfers to/(from) reserves £	Other recognised gains/losses £	Fund at 31 March 2012 £
<b>General reserves</b>	899,269	86,453	(303,112)	272,000	25,289	979,899
<b>Designated reserves</b>						
Volunteer commitment fund	30,000	-	(30,000)	-	-	-
Development reserve	2,372,000	-	-	(272,000)	-	2,100,000
<b>Total</b>	<u>3,301,269</u>	<u>86,453</u>	<u>(333,112)</u>	<u>-</u>	<u>25,289</u>	<u>3,079,899</u>

**Volunteer Commitment Fund**

This reserve was designated to fund the committed direct costs of volunteers placed prior to the year end whose placement takes them into the new financial year. During the year £30,000 was drawn down from this fund to pay for direct costs relating to these volunteers. This reserve was closed during the year.

**Notes (continued)****Development Reserve**

These funds have been designated to align with the organisation's strategy to focus on future sustainability. This reserve will ensure that the organisation can focus on key strategies whilst remaining confident that the organisation is still a going concern. The amount required has been reduced during the year since securing agreement to allow volunteers to remain on job seeker's allowance whilst volunteering. The amount set aside represents the estimated costs of business development, salaries, infrastructure and other costs less the minimum amount of income the organisation expects to raise whilst enabling the strategy to take effect. The reserve is expected to be drawn down over the next 3-4 years.

**14 Analysis of restricted reserves**

	Balance at 1 April 2011	Incoming Resources	Resources Expended	Fund at 31 March 2012
	£	£	£	£
Scottish Government	79,292	(66,439)	12,853	-
Future Jobs Fund – Forestry Commission	123,115	215,549	338,664	-
Future Jobs Fund – Consortium	56,636	166,786	223,422	-
Central Scotland Greener Network	-	130,000	130,000	-
Big Lottery – Investing in Ideas	-	10,000	695	9,305
Aberdeenshire ESF Project	-	26,200	26,200	-
Souter Charitable Trust	-	12,600	-	12,600
Other restricted funds	65,943	71,353	119,850	17,446
<b>Total</b>	<b>324,986</b>	<b>566,049</b>	<b>851,684</b>	<b>39,351</b>

ProjectScotland had in excess of 40 restricted funds during the year. The analysis shows the individual funds which account for more than 10% of opening/closing balances or income during the year. It also shows any funds specifically required to be disclosed in accordance with grant giving terms. All of the donations were restricted to opportunities within Scotland in particular geographical locations and/or for particular charitable purposes.

**15 Commitments**

	Land and Buildings 2012 £	Land and Buildings 2011 £
Annual commitments under non-cancellable operating leases which expire:		
Within 1 year	25,916	-
Between 1 and 2 years	-	25,916

**Notes (continued)**

**16 Cash outflow from operating activities**

	2012 £	2011 £
Net (outgoing)/incoming resources	(532,294)	76,622
Interest receivable	(28,380)	(22,216)
(Increase) in debtors	(22,075)	7,741
(Decrease) in creditors	(103,901)	(132,017)
Depreciation	-	125,742
Net cash outflow from operating activities	686,650	55,872

**17 Analysis of net funds**

	At 1 April 2011 £	Cash flow £	At 31 March 2012 £
Cash at bank	3,801,610	(1,654,486)	2,147,124
Cash in investment portfolio	-	211,598	211,598
Total cash	3,801,610	(1,442,888)	2,358,722

**18 Allocation of funds**

	General £	Designated reserves £	Restricted reserves £	Funds at 31 March 2012 £
Fixed Assets	1,021,507	-	-	1,021,507
Current Assets	54,759	2,100,000	39,351	2,194,110
Current Liabilities	(96,367)	-	-	(96,367)
Total	979,899	2,100,000	39,351	3,119,250