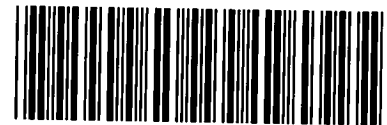


Project Scotland
(a company limited by guarantee)
Report of the Trustees and Financial Statements
Year ended 31 March 2016

Charity No: SC035464

Company No: SC267476

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Report of the Trustees

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Objectives and Activities

Project Scotland's (hereinafter referred to as "ProjectScotland") 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.

We offer 18 to 30 year-olds the chance to make a positive contribution to their community and their country through volunteering. Young people get experience of work and a chance to develop themselves. Charities throughout the country get additional skills, talents and energy. Local communities are strengthened across generations. Scotland is a better place through social cohesion.

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.

The success of the service is underpinned by four key things:

- Great charity partnerships who provide a fantastic, supportive learning environment for our young people.
- Brilliant, empathetic and skilled ProjectScotland employees who help ensure the right opportunity is found for them – whatever their circumstance, needs and abilities.
- Skilled and trained volunteer mentors who provide their expertise to support a young person to get the most out of their development. They continue to mentor our young people for up to a year after finishing their volunteering.
- The support of our many business partners to provide learning sessions to help improve their employability prospects, translating their new found confidence and skills in a way that's attractive to employers.

Achievements and Performance

Charitable activities

2015/16 was another year of transition and change for ProjectScotland.

Nearly eight out of ten ProjectScotland volunteers go on to employment, education and training. These outcomes are similar to the previous financial year, yet the demographic of our service is changing significantly. In the last financial year, at least 2/3rds of our young people have multiple barriers to employment. We've managed to achieve this by transitioning to a local service model, with specialist employees on the ground working directly with a case load of young people, backed up by our fantastic mentoring programme and a series of excellent workshops provided for free by a number of corporates and businesses that support us.

This year saw a second year in embedding our new strategy to move to a localised support approach. We continue to drive a growth strategy to allow us a platform to build from, both in terms of outcomes and sustainable income going forward. Financially, we are on track to make the organisation sustainable.

We've had a number of successes this year, including large contracts from Dundee City Council and an award from Holywood Trust for our work in Dumfries. These have allowed us to grow our work and support for young people in both those areas.

Report of the Trustees (continued)

Achievements and Performance (continued)

Charitable activities (continued)

Our strategy over the last two years has been to run down our significant reserves and reinvest in helping support more young people in a more intensive way. Each year, through gaining pro-bono support for our costs and in generating new income sources, we close this. Further gains were made this year, mainly on cost and these are expected to continue into the next financial year.

We continued to seek and secure 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.

The formation of PS Enterprises to sell mentor training products is expected to generate a good surplus this year which will assist in further growing income.

Financial Review

Financial position

The incoming resources for the year amounted to £247k (2015: £257k). Resources expended amounted to £772k (2015: £997k), losses on investment assets were £11k (2015 gains £64k) leaving net outgoing resources of £535k (2015: £675k outgoing). The principal income came from trust donations, contractual income and investment income.

The Trustees continue to seek to improve income whilst reducing or maintaining costs and therefore reducing the overall deficit.

Investments

Day-to-day funds are held in a current account earning a low rate of interest. Excess funds which are not required for day to day operations are kept in a deposit account which achieves a better rate of interest. Brewin Dolphin continue to manage the investment portfolio valued at £500k at 31 March 2016. During the year it was necessary to withdraw funds to maintain cashflow in the organisation. With rising inflation the Board continued to adopt a "cautious with risk" investment strategy aimed at outperforming RPI.

ProjectScotland owns two ordinary £1 shares in PS Enterprises Limited, a subsidiary company. The charity is exempt from producing group accounts as a result of the subsidiary company being considered immaterial. The subsidiary company trades with a view to providing commercial income to support the charity.

Reserves Policy

The Board has established a reserves policy to ensure that general unrestricted reserves held by the charity are greater than 3 months of costs. With general unrestricted and undesignated reserves of £649k as at 31 March 2016 the charity is operating within its reserves policy.

Going Concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence (See note 1(b), page 11 for further details). Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Report of the Trustees (continued)

Future Plans

We are currently in the middle of a four year plan to run down high reserves and close our deficit to maintain the level of service we currently run throughout Scotland. We are on track to achieving this, and the financial year 2016/17 sees the same level of service with a reduction in budget costs as we gain a full year's savings from FY2015/16 restructure. We are also forecasting further income as new activity begins to mature into greater income sources.

There are a number of needs still not being fulfilled for young people in Scotland, and once this objective is achieved, we'll look to further expand our services to other parts of Scotland, and to continue forming partnerships with specialists agencies that allow us to support young people with specific complex needs and barriers that might be preventing them from accessing opportunities to develop their skills further.

Structure, Governance and Management

Governing Document

Project Scotland 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.

Recruitment and Appointment of New Trustees

Under the Articles, the Trustees of the Board are elected at the AGM to serve a period of 6 years with the option to extend that appointment if necessary. The Board composition seeks to reflect the different stakeholders and environment in which ProjectScotland operates. ProjectScotland therefore appoints Trustees based on the skills they can bring to the organisation whilst maintaining this cross representation of the Board. Trustees are appointed and ratified by the Board following nomination by the officers of the company or other Trustees.

Organisational Structure

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

Induction and Training of New Trustees

All new Trustees are issued with an induction pack and meet the Chairman and senior management and are taken through the role of Trustee and the main activities of the charity. Any new Trustees are also assessed for any initial training needs prior to taking up the role. Training is provided for existing Trustees as identified on an annual basis.

Key Management Remuneration

The key management personnel of the charity, comprise the Trustees, the Chief Executive Officer, Head of Partnerships and Head of Fundraising & Communications. The remuneration policy for all employees is to match the skills, experience and qualifications of each position consistent with a framework allowing market levels in the sector and in the locality of the employment base.

Risk Management

The major risks to which ProjectScotland is exposed are reviewed regularly 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 three year plan, this is being managed by substantial investment in creating income streams and the exploration of partnerships and contractual income to ensure a sustainable future for the organisation.

Report of the Trustees

Structure, Governance and Management

Legal and administrative details

Company number SC 267476

Charity number SC 035464

Trustees Ian McAteer (Chairman)
Matthew Benson
John Glen
Laura Greatrex (resigned 27 October 2015)
Linda Holden (appointed 9 June 2015)
Julie-Anne Jamieson
Emma Liddell
Raymond O'Hare (appointed 28 April 2016)
Mark Smith
Stephanie Wade (appointed 28 April 2015)

Chief Executive / Secretary Paul Reddish

Key Management Team Paul Reddish – Chief Executive
Catherine Henderson – Head of Partnerships
Katie Lawson – Head of Fundraising & Communications

Registered office 20 Hopetoun Street
Edinburgh EH7 4GH

Auditor Hardie Caldwell LLP
25 Tyndrum Street
Glasgow G4 0JY

Bankers Lloyds Bank
150 Fountainbridge
Edinburgh EH3 9PE

Investment Manager Brewin Dolphin
144 Morrison Street
Edinburgh EH3 8BR

Report of the Trustees (continued)

Statement of Trustees Responsibilities

The trustees (who are also the directors of Project Scotland for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees 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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

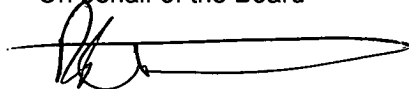
In so far as the trustees are aware:

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

Auditors

The auditors, Hardie Caldwell LLP, will be proposed for appointment and re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board



Paul Reddish

Secretary

Date: 2 August 2016

Report of the Independent Auditors to the Trustees and Members of Project Scotland

We have audited the financial statements of Project Scotland for the year ended 31 March 2016 on pages eight to twenty two. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, 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. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page five, the trustees (who are also the 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 as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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.

Report of the Independent Auditors to the Trustees and Members of Project Scotland (continued)

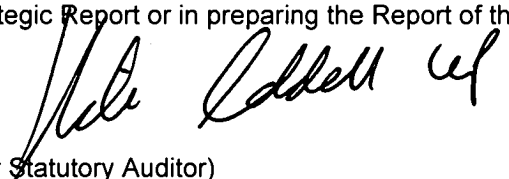
Opinion on other matter prescribed by the Companies Act 2006

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

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 charitable company 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



Marion Hopper (Senior Statutory Auditor)
for and on behalf of Hardie Caldwell LLP

Statutory Auditors

Chartered Accountants

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Citypoint 2

25 Tyndrum Street

Glasgow

G4 0JY

Date: 31 August 2016.

Statement of Financial Activities
(incorporating the Income and Expenditure Account)
for the year ended 31 March 2016

	Note	Unrestricted funds	Restricted funds	Total funds 2016	Total funds 2015
		£	£	£	£
Income					
Donations and legacies	3	29,933	73,195	103,128	99,348
Income from charitable activities	4	-	54,102	54,102	126,240
Income from other trading activities	5	75,339	-	75,339	5,500
Investment income	6	14,541	-	14,541	25,991
Total income		119,813	127,297	247,110	257,079
Expenditure					
Costs of raising funds	7	141,222	-	141,222	61,911
Expenditure on charitable activities	8	440,612	189,908	630,520	935,212
Total expenditure		581,834	189,908	771,742	997,123
Net gains / (losses) on investments		(10,714)	-	(10,714)	64,248
Net (expenditure) / income		(472,735)	(62,611)	(535,346)	(675,796)
Transfers between funds		(47,370)	47,370	-	-
Net movement in funds		(520,105)	(15,241)	(535,346)	(675,796)
Reconciliation of funds:					
Total funds brought forward		1,169,641	44,241	1,213,882	1,889,678
Total funds carried forward		649,536	29,000	678,536	1,213,882

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes form part of these financial statements.

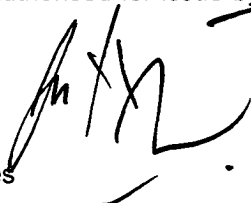
Balance Sheet
as at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	15	500,509	981,499
Total fixed assets		<u>500,509</u>	<u>981,499</u>
Current assets			
Debtors	16	93,186	18,157
Cash at bank and in hand		160,169	281,005
Total current assets		<u>253,355</u>	<u>299,162</u>
Liabilities			
Creditors falling due within one year	17	(75,328)	(66,779)
Net current assets		<u>178,027</u>	<u>232,383</u>
Net assets		<u>678,536</u>	<u>1,213,882</u>
The funds of the charity:			
Unrestricted income funds	19	649,536	1,169,641
Restricted income funds	20	29,000	44,241
Total charity funds		<u>678,536</u>	<u>1,213,882</u>

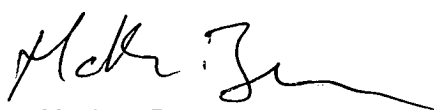
These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

Approved and authorised for issue by the Board of Trustees on 2 August 2016 and signed on their behalf by:

Ian McAteer
Chair of Trustees



Matthew Benson
Trustee



The notes form part of these financial statements.

Statement of Cash Flows
for the year ended 31 March 2016

	Cashflow Note	2016 £	2015 £
Cash used in operating activities	1	(605,653)	(732,324)
Cash flows from investing activities			
Investment income		14,541	25,991
Purchase of investments		-	(128,567)
Sale of investments		470,276	313,043
Cash provided by investing activities		484,817	210,467
Decrease in cash and cash equivalents in the year		(120,836)	(521,857)
Cash and cash equivalents at the beginning of the year		281,005	802,862
Total cash and cash equivalents at the end of the year		160,169	281,005

1 Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net movement in funds	(535,346)	(675,796)
Add other losses / deduct other gains	10,714	(64,248)
Deduct investment income	(14,541)	(25,991)
(Increase) / decrease in debtors	(75,029)	14,283
Increase / (decrease) in creditors	8,549	19,428
	(605,653)	(732,324)

Notes to the Financial Statements

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

(b) *Preparation of the accounts on a going concern basis*

Following withdrawal of core Scottish Government funding in 2008/09, the principal risk for ProjectScotland continues to be the sourcing of alternative funding streams.

The current strategy outlined and approved by the charity's board is to use reserves to grow the organisation, then close the deficit. This reflects the desire of the charity to utilise its reserves for charitable purposes and reduce its reserves to a level in line with other comparable charities, to approximately 6 months of overall running costs. ProjectScotland has a current business plan in place to ensure the continued operation of the organisation and sufficient cash reserves to ensure this plan can be implemented.

The charity has incurred a further deficit of £535,346 in the year to 31 March 2016 (2015: deficit £675,796) and has net assets carried forward of £678,536 (2015: £1,213,882). The ability of the charity to continue with the current strategy and its expenditure beyond 31 March 2017 is dependent on the ability of the charity to secure increased additional income in order to support expenditure beyond 31 March 2017.

Should further income not be secure at a rate that allows this growth to be sustained, the charity is committed to ensuring the deficit is closed by cutting costs in line with the additional income it generates. The Board have prepared forecasts and budgets on this basis of a scale down of costs and on this basis and the confidence in obtaining new funding believe it is appropriate to prepare the accounts on the going concern basis.

(c) *Income*

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of provision of a specified service it is deferred until the criteria for income recognition are met.

Notes to the Financial Statements (*continued*)

1. Accounting Policies (*continued*)

(d) ***Donated services and facilities***

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

(e) ***Investment income***

Interest on cash held at the bank is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid by the Bankers.

Dividend income arising from the charity's investments is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the dividend being received by the Investment Manager.

(f) ***Expenditure and irrecoverable VAT***

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise those costs incurred by the charity in making grant applications to trusts and foundations, attending networking events, corresponding and meeting with charity 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.
- Expenditure on charitable activities 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.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(g) ***Allocation of support and governance costs***

Support costs are those of functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include the central office functions such as general management, finance, information technology and administration. Governance costs are those costs attributable to compliance with statutory requirements. The bases on which support and governance costs have been allocated are set out in note 10.

(h) ***Operating leases***

Rental charges incurred as a result of operating leases are charged on a straight line basis over the term of the lease.

Notes to the Financial Statements (*continued*)

1. Accounting Policies (*continued*)

(i) ***Pension costs***

The charity contributes to defined contribution money purchase pension schemes for employees with more than one year of service. The assets of the schemes are held separately from those of the charity in independently administered funds. The amount charged represents the contributions payable to the scheme in respect of the accounting year.

(j) ***Fund accounting***

General funds are unrestricted funds that are available to spend on activities that further the general objectives of the charity.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or have been raised by the charity for particular purpose.

(k) ***Tangible fixed assets***

Individual tangible fixed assets costing more than £10,000 are capitalised and depreciated on a straight line basis over 3 years.

(l) ***Listed 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, Project Scotland has two £1 ordinary shares in PS Enterprises Limited, a subsidiary undertaking. The investment is held at historic cost within the financial statements. The charity is exempt from producing group accounts as the gross income threshold for doing so has not been met.

Realised and unrealised gains and losses

Realised gains/losses are calculated as the difference between the investments carrying value and its disposal proceeds. Unrealised gains/losses are calculated as the difference between market value of investments at the end of the year compared with the start of the year.

(m) ***Debtors***

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

(n) ***Cash at bank and in hand***

Cash at bank and in hand includes cash, bank and deposit accounts all available on demand.

Notes to the Financial Statements (*continued*)

1. Accounting Policies (*continued*)

(o) **Creditors**

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

(p) **Financial instruments**

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(q) **Taxation**

The charity 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.

2. Legal Status of the Charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

3. Donations and legacies

	2016	2015
	£	£
Gifts	3,938	3,443
Grants from trusts and foundations	99,190	95,905
	<u>103,128</u>	<u>99,348</u>

The income from donations and legacies was £103,128 (2015: £99,348) of which £29,933 (2015: £25,709) was unrestricted. Included within restricted funds, grants from trust and foundations included £30,000 from Holywood Trust and £20,000 from Leng Charitable Trust to support volunteering activities in Dundee & Galloway and Dundee, respectively.

4. Income from charitable activities

	2016	2015
	£	£
Government and local authority grants	54,102	126,240

All income from charitable activities was restricted and includes £26,375 from City of Dundee Council and £17,370 from Scottish Government to support our activities in Dundee and in rural areas of Scotland, respectively. In 2015 £109,358 of the income from charitable activities was restricted and £16,882 was unrestricted.

Notes to the Financial Statements (*continued*)

5. Income from other trading activities

	2016 £	2015 £
Fund raising income from 10 th Birthday Dinner	66,546	-
Income generated from other events	8,793	5,100
Other income	-	400
	<hr/> 75,339	<hr/> 5,500

6. Investment income

	2016 £	2015 £
Bank interest	433	2,355
Dividend income	14,108	23,636
	<hr/> 14,541	<hr/> 25,991

7. Analysis of costs of raising funds

	2016 £	2015 £
Payroll, training & recruitment	105,421	44,777
Event expenses	26,187	-
General	9,614	17,134
	<hr/> 141,222	<hr/> 61,911

The fund raising team raise funds by donation, charitable activity and trading activities.

8. Analysis of expenditure on charitable activities

	2016 £	2015 £
Payroll, training & recruitment	318,703	419,257
Volunteer & partner expenses	45,544	91,411
Mentoring, workshops & evaluation	3,978	17,000
ICT	15,214	15,165
Marketing & advertising	58,181	155,784
Governance costs (see note 10)	15,854	14,722
Support costs (see note 10)	173,046	221,873
	<hr/> 630,520	<hr/> 935,212

All expenditure on charitable activities relates to the provision of volunteering programmes for 18-30 year-olds throughout Scotland. Expenditure on charitable activities was £630,520 (2015: £935,212) of which £440,612 (2015: £675,375) was unrestricted and £189,908 (2015: £259,837) was restricted.

Notes to the Financial Statements (*continued*)

9. Summary analysis of expenditure and related income for charitable activities

This table shows the cost of charity's sole activity - the provision of volunteering programmes for 18-30 year olds throughout Scotland - and the sources of income directly to support that activity.

	2016 £	2015 £
Costs	(630,520)	(935,212)
Grants: funding for posts	9,997	16,881
Grants: government and local authority	44,105	109,358
Grants: trusts and foundation	73,195	73,639
Net cost funded from other income and reserves	(503,223)	(735,334)

10. Analysis of governance and support costs 2016

	General support £	Governance function £	Total £
Salaries, wages and related costs	89,294	9,922	99,216
Premises	33,223	-	33,223
General office	16,793	-	16,793
Travel	12,697	-	12,697
ICT	6,520	-	6,520
Accountancy services	13,290	-	13,290
Legal and other professional fees	1,229	480	1,709
Audit fees	-	5,315	5,315
Cost of trustee meetings	-	137	137
	173,046	15,854	188,900

2015

	General support £	Governance function £	Total £
Salaries, wages and related costs	86,993	9,666	96,659
Premises	35,730	-	35,730
General office	26,654	-	26,654
Travel	20,084	-	20,084
ICT	21,777	-	21,777
Accountancy services	29,276	-	29,276
Legal and other professional fees	1,359	-	1,359
Audit fees	-	4,742	4,742
Cost of trustee meetings	-	314	314
	221,873	14,722	236,595

Notes to the Financial Statements (*continued*)

11. Net expenditure for the year

	2016 £	2015 £
This is stated after charging:		
Auditor's remuneration: Audit fees	5,315	4,742
Accountancy services	13,290	22,860
	<hr/>	<hr/>

12. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2016 £	2015 £
Salaries and wages	465,060	476,138
Social security costs	41,265	43,479
Pension costs	10,426	12,656
	<hr/>	<hr/>
	516,751	532,273
	<hr/>	<hr/>

One employee had employee benefits in excess of £60,000 (2015: one). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The charity trustees were neither paid nor in receipt of any other benefits from employment with the charity or its subsidiary in the year (2015: £nil) neither were they reimbursed expenses during the year (2015: £88). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil).

The key management personnel of the charity, comprise the Trustees, the Chief Executive Officer, Head of Partnerships and Head of Fundraising & Communications. The total employee benefits of the key management personnel of the charity were £155,366 (2015: £166,680).

During the year under review, redundancy payments totaling £1,450 (2015 - £nil) were made.

13. Staff numbers

The average monthly head count was 19 staff (2015: 20 staff) split as follows:

	2016 Number	2015 Number
Partnerships	8	10
Mentoring	1	1
Fundraising & communications	8	7
Finance & business support	2	2
	<hr/>	<hr/>
	19	20
	<hr/>	<hr/>

Notes to the Financial Statements (*continued*)

14. Related party transactions

Ian McAteer, a trustee of the charity, is a director of the Union Advertising Agency Ltd which produced some of the charity's marketing material and assisted with website development at a cost of £23,116 (2015: £37,465). There was £5,206 (2015: £12,225) due to the Union Advertising Agency Ltd at the year end.

15. Fixed Assets: Investments

Value of listed investments	2016 £	2015 £
Opening market value	981,499	1,101,727
Additions at cost	-	128,567
Disposals proceeds	(470,276)	(313,043)
Unrealised (losses) / gains	(2,384)	55,976
Realised (losses) / gains	(8,330)	8,272
	<hr/>	<hr/>
Closing market value	500,509	981,499
	<hr/>	<hr/>
 Analysis of investments	 2016 £	 2015 £
UK	249,928	554,471
North America	25,011	39,214
Global	92,910	149,591
Absolute return	132,658	160,776
Property	-	22,789
Other Investments	-	54,656
	<hr/>	<hr/>
	500,507	981,497
Investment in subsidiary undertaking	2	2
	<hr/>	<hr/>
	500,509	981,499
	<hr/>	<hr/>

16. Debtors

	2016 £	2015 £
Debtors control account	82,390	6,542
Prepayments and accrued income	8,149	11,615
Amount due from subsidiary undertaking	2,647	-
	<hr/>	<hr/>
	93,186	18,157
	<hr/>	<hr/>

Notes to the Financial Statements (*continued*)

17. Creditors: amounts falling due within one year

	2016 £	2015 £
Creditors control account	15,833	21,722
Other creditors and accruals	8,955	16,987
Deferred income	28,800	17,370
Taxation and social security	21,740	10,700
	<hr/>	<hr/>
	75,328	66,779
	<hr/>	<hr/>

18. Deferred Income

	2016 £	2015 £
Balance as at 1 st April 2015	17,370	-
Amount released to income earned from charitable activities	(17,370)	-
Amount deferred in year	28,800	17,370
	<hr/>	<hr/>
Balance as at 31 st March 2016	28,800	17,370
	<hr/>	<hr/>

Deferred income arose where performance criteria have not been met at the year end.

19. Analysis of movements in unrestricted funds

	General fund £	Designated development fund £	Total £
Balance as at 1 st April 2015	992,215	177,426	1,169,641
Incoming resources	119,813	-	119,813
Resources expended	(404,408)	(177,426)	(581,834)
Transfers to restricted fund	(47,370)	-	(47,370)
Other recognised losses	(10,714)	-	(10,714)
	<hr/>	<hr/>	<hr/>
Balance as at 31 st March 2016	649,536	-	649,536
	<hr/>	<hr/>	<hr/>

The general fund represents 'free reserves' after allowing for all designated funds.

The designated development fund represented funds designated to align with the charity's strategy to focus on future sustainability. In previous accounting periods an amount representing 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 was set aside.

Notes to the Financial Statements (*continued*)

20. Analysis of movements in restricted funds

	At 1 April 2015 £	Incoming Resources £	Resources Expended £	Transfers between funds £	At 31 March 2016 £
Moffat Charitable Trust	17,582		(17,582)	-	-
Holywood Trust	-	30,000	(60,000)	30,000	-
Dundee City Council	-	26,735	(26,735)	-	-
Northwood Charitable Trust	-	20,000	-	-	20,000
Scottish Government	-	17,370	(34,740)	17,370	-
Yorkshire & Clydesdale Bank	-	10,000	(4,000)	-	6,000
Others	26,659	23,192	(46,851)	-	3,000
	<u>44,241</u>	<u>127,927</u>	<u>(189,908)</u>	<u>47,370</u>	<u>29,000</u>

ProjectScotland received funds from 16 trusts, funds & government sources and continued to manage funds received in previous accounting periods from a further 12 sources. All funds were for the provision of volunteering programmes for 16-30 year olds for specific restricted geographical areas within Scotland.

A transfer of £17,370 representing 50% match funding for the Scottish Government Rural Project was made from the general fund to restricted funds. A similar match funding transfer of £30,000 was made in respect of activities in Dumfries and Galloway.

21. Analysis of net assets between funds

	General fund £	Restricted funds £	Total £
Fixed assets: investments	500,509	-	500,509
Debtors	47,886	45,300	93,186
Cash at bank and in hand	147,669	12,500	160,169
Creditors falling due within one year	(46,528)	(28,800)	(75,328)
Total	<u>649,536</u>	<u>29,000</u>	<u>678,536</u>

Notes to the Financial Statements (*continued*)

22. Commitments

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £	2015 £
Within one year	14,105	20,533
Later than one year and not later than five years	2,294	-
Later than five years	-	-
	<hr/> 16,399 <hr/>	<hr/> 20,533 <hr/>

23. First year adoption

Transitional Relief

In making the transition to FRS 102 no restatement of balances was required in respect of 31 March 2015 nor was restatement of balances required at the date of transition. The date of transition was 1 April 2014.

	£
Net income / (expenditure) for the year ended 31 March 2015	
Net income / (expenditure) for the year under former UK GAAP	(675,796)
Net income / (expenditure) for the year under FRS 102	(675,796)
Balance Sheet at 31 March 2015	
Funds under former UK GAAP	1,213,882
Funds under FRS102	1,213,882
Balance Sheet at 31 March 2015	
Funds under former UK GAAP	1,889,678
Funds under FRS102	1,889,678

Notes to the Financial Statements (*continued*)

24. Comparatives for the Statement of Financial Activities

	Unrestricted funds	Restricted funds	Total funds 2015
	£	£	£
Income			
Donations and legacies	25,709	73,639	99,348
Income from charitable activities	16,882	109,358	126,240
Income from other trading activities	5,500	-	5,500
Investment income	25,991	-	25,991
Total income	74,082	182,997	257,079
Expenditure			
Costs of raising funds	61,911	-	61,911
Expenditure on charitable activities	675,375	259,837	935,212
Total expenditure	737,286	259,837	997,123
Net gains / (losses) on investments	64,248	-	64,248
Net (expenditure) / income	(598,956)	(76,840)	(675,796)
Transfers between funds	(109,358)	109,358	-
Net movement in funds	(708,314)	32,518	(675,796)
Reconciliation of funds:			
Total funds brought forward	1,877,955	11,723	1,889,678
Total funds carried forward	1,169,641	44,241	1,213,882