

THE ENTREPRENEURIAL SCOTLAND FOUNDATION
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Company Registration Number: SC332951

Registered Charity Number: SCO38858

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THE ENTREPRENEURIAL SCOTLAND FOUNDATION

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THE ENTREPRENEURIAL SCOTLAND FOUNDATION

COMPANY INFORMATION

COMPANY REGISTRATION NUMBER

SC332951

CHARITY REGISTRATION NUMBER

SCO38858

TRUSTEES/DIRECTORS

M R Bamforth
B Aitchison
M W Simmers
Professor Sir C P Downes
C Grant
E C Dillon
V Connor
J K Stringer
J G Watson
J C P Sheldon

MANAGEMENT TEAM

Sandy Kennedy

AUDITOR

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

REGISTERED OFFICE

Inovo
121 George Street
Glasgow
Scotland
G1 1RD

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 2018.

Constitution

The charity changed its name from The Saltire Foundation to The Entrepreneurial Scotland Foundation on 16th March 2018.

The Entrepreneurial Scotland Foundation is a recognised charity, Scottish Charity Number SCO38858. The company is limited by guarantee and therefore has no share capital. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. The company was incorporated on 25 October 2007.

Principal activity and aims

The charity's principal activity is to advance education, which it currently executes through the promotion of three programmes:

- An Undergraduate Programme (the "Saltire Scholars") which aims to give undergraduate students studying at Scottish universities the opportunity to gain practical and theoretical experience through training placements; and
- A Fellowship Programme (the "Saltire Fellows") which aims to give individuals working with or for an enterprise in Scotland, or are seeking to do so, the opportunity to gain practical and theoretical experience through academic training and training placements.
- The Scale up Scotland Leadership Programme is aimed at Scotland's high growth businesses and is delivered in partnership with The Hunter Foundation and Scotland Can do. This is a game changing opportunity for an annual cohort of 20 business leaders who demonstrate exceptional leadership potential and a commitment to scaling up their businesses.

Through these Programmes, the charity aims to develop a steady stream of globally minded entrepreneurial leaders within Scotland, ready to do business at an international level. To ensure the continued impact and connection to Scotland of The Saltire Scholars and Fellows, the charity also runs an active alumni programme (the "Saltire Alumni").

The charity's principal place of business is The Entrepreneurial Scotland Foundation, Inovo, 121 George Street, Glasgow, Scotland, G1 1RD.

Review of significant activities

2018 was the Foundation's eleventh year in operation. During the year the charity successfully completed another full course of the Saltire Scholar Internship Programme (its twelfth) and completed its seventh Saltire Fellowship Programme and commenced the eighth. 2018 was the first full year of the Scale up Scotland Programme with a cohort of 20 individuals identified for their exceptional skills and potential.

In summer 2018 the charity had another record year in the Scholar Internship Programme with 171 students from Scottish Universities participating in eight to twelve week long internships. Interns took part in challenging commercially-oriented projects with international organisations overseas and globally minded firms in Scotland, giving them exposure to the challenges and positive "can do" attitude of international business environments.

The seventh cohort of Saltire Fellows graduated in February 2018. This 6 month programme commenced in September 2017 and combined teaching at Babson College in Massachusetts, one of the world's top ranked business schools for entrepreneurship, with various projects with US based organisations and entrepreneurial ventures in Scotland. The eighth cohort started in September 2018.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

DIRECTORS' REPORT (cont'd)

Financial Review

The results for the year are shown on page 10. Total income of £1,982,549 was receivable. A total of £1,751,947 was expended and used to support activities undertaken by The Entrepreneurial Scotland Foundation including Fundraising management, costs of operating the Internship, Scale Up Scotland and Fellowship programmes and Governance costs. It is the intention of the trustees to further improve the position on balance sheet of £56,216 in order to execute the strategic plan. A challenging budget has been set for 2019, which embeds the five year strategy created for the Entrepreneurial Scotland Group. The projected forecast of results to the end of 2019 already indicate a turn around in the deficit position. Management have focused on revenue generation and efficiency around the programmes, fundraising and streamlining the central costs base which has also contributed to improving the position reported in 2018

Reserves policy

The level of free reserves at 31 December 2018 is £52,225 (2017: negative £175,581). Target reserves policy is £400,000 equating to approximately 3 months expenditure at current levels. It is the intention of the Board to grow these current reserves. This target will be achieved through focusing on the growth of contribution from each of the programmes operated and in alignment with a five year strategy currently being implemented. Furthermore, the level of philanthropic support will continue and be focused on growing capacity, building sustainable programmes and growing reserves. The Board and management team have prepared cash flow forecasts and are satisfied the level of reserves can support the group for a minimum of 12 months from date of sign off for these accounts.

Going concern

The charitable company has net current assets of £52,225 (2017: net current liabilities of £165,581) and net assets of £56,216 (2017: net liabilities of £174,386). The company does not have any external debt arrangements and is funded using its own cash resources and in combination with assistance from Entrepreneurial Scotland Limited, a fellow Group entity, and its parent company Entrepreneurial Scotland Group Limited. The company's forecasts and cash flow projections, taking into account any changes in operational performance, indicate a surplus result. The directors in considering this projected outturn have reviewed the period to June 2020. This indicates that the company has sufficient funds to finance the company's planned work programme. The directors are satisfied that there is sufficient resources to underpin the 2019 / 2020 Strategic Review and therefore consider that the going concern basis of preparation continues to be appropriate.

Key Performance Indicators

The Foundation and its subsidiary sets objectives for the executive teams including:

- Numbers of Saltire Scholar Interns and Saltire Fellows, whilst maintaining quality at all times;
- Participant and host company satisfaction measured through Net Promoter Score;
- Long term financial sustainability of each of the programmes without significant philanthropic support;
- Fundraising and sponsorship.

The key performance indicators for the numbers of Saltire Scholar Interns and Participant/host satisfaction have been met and exceeded.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

DIRECTORS' REPORT (cont'd)

Directors

The directors are the trustees of the company for charity law purposes. The following served as Directors of the charity during the period:

M R Bamforth
B Aitchison
M W Simmers
Professor Sir C P Downes
C Grant
E C Dillon
V Connor
J K Stringer
J G Watson
J C P Sheldon (appointed 24 July 2018)

Structure, Governance and Management

Investment powers and the trustees' authority are outlined in the Memorandum and Articles of Association. The Board has overall control of the organisational structure and decision making. The day-to-day operation of the charity is delegated by the Board to the management team listed on page one.

Recruitment and Appointment of Trustees

The charity seeks to ensure that the needs of the charity are appropriately reflected through the diversity of the trustee body. To enhance the potential pool of trustees, the charity has, through international, national and local networking, sought to identify those who would be best placed and willing to assist the charity in its work.

Trustee Induction and Training

Most trustees are already familiar with the work of the charity through their presence at meetings. New trustees are invited and encouraged to hold informal sessions with members of the management team to familiarise themselves with the charity and its work. It is a requirement that all trustees are aware of and subscribe to the charity's basic values as outlined in our aims and objectives. New trustees are advised of their roles and responsibilities and are familiarised with these through the Memorandum and Articles of Association of the organisation and other appropriate documentation.

Remuneration policy for key management

There is a remuneration committee for Entrepreneurial Scotland (including the Foundation) which reviews the pay of key management annually based on performance against agreed objectives. The remuneration committee has full terms of reference. The committee benchmarks against pay levels in organisations of a similar size and sector.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

DIRECTORS' REPORT (cont'd)

Risk management

The Directors review the major risks which the charity faces on a regular basis, the main ones being fundraising risk, health and safety risk of the charity's participants and key stakeholder risk, especially with our University Partners. The management team and Directors consider these risks on a continual basis and have plans in place should these risks materialise. In addition, the Directors believe that maintaining the free reserves at the current level will provide sufficient resources in the event of adverse conditions.

Entrepreneurial Scotland have established an Audit Committee including a representative from The Entrepreneurial Scotland Foundation Trustees. The terms of reference for the Audit Committee are to take delegated responsibility on behalf of the boards of the Entrepreneurial Scotland Group (including The Entrepreneurial Scotland Foundation) (the "ES Group") for ensuring that there is a framework for accountability; for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the ES Group companies are complying with all aspects of the law, relevant regulations and good practice.

The executive team also carry out regular reviews of the controls over key financial systems and also examine other operational and business risks which the charity faces and have established systems to mitigate significant risks.

Funding sources

To fund the charitable activities, the charity works on a blended funding strategy i.e. is not reliant on any one source of income. It has financial support from Scotland's Universities, the Scholar and Fellow host companies, Scotland's economic development agencies (based on specific requirements), Entrepreneurial Scotland Limited, The Saltire Foundation (USA) and donors.

Fundraising activities

The Directors regard the fundraising activities of the charity to be sufficient with annual targets set to ensure that the charity remains sustainable in the long term.

Investment policy

The cash resources of the charity are reviewed regularly at each Board meeting.

Future plans

Subject to funding levels, the charity plans to continue delivering the Undergraduate, Fellowship and Alumni programmes.

Auditor

BDO LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

DIRECTORS' REPORT (cont'd)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' annual report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the directors to prepare financial statements for each financial year in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company and charity law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including its income and expenditure, of the group and charity for the year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

As far as each of the directors at the time the report is approved are aware:

- a) there is no relevant information of which the company's auditor is unaware and
- b) 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 the information.

Small company exemption

The directors' report has been prepared in accordance with special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

By order of the board



C Grant
Director and Chair

Date. 29/5/2019

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE ENTREPRENEURIAL SCOTLAND FOUNDATION

Opinion

We have audited the financial statements of The Entrepreneurial Scotland Foundation ("the Charitable Company") for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2018 and of its incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Directors' Report. The Directors are responsible for the other information.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE ENTREPRENEURIAL SCOTLAND FOUNDATION (CONTINUED)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Directors' Report.

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

- proper and adequate accounting records have not been kept, 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE ENTREPRENEURIAL SCOTLAND FOUNDATION (CONTINUED)

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities, the Directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor 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 the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 directors, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and 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 Charitable Company, the Charitable Company's members as a body and the Charitable Company's directors as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Gill (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow, United Kingdom
Date

3 June 2019

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2018

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Income from:					
Donations	4	491,867	-	491,867	265,409
Charitable activities	4	1,490,393	-	1,490,393	1,289,128
Investment income	4	289	-	289	256
Total income		1,982,549	-	1,982,549	1,554,793
Expenditure on:					
Raising funds	5	61,835	-	61,835	59,866
Charitable activities	6	1,690,112	-	1,690,112	1,719,502
Total expenditure		1,751,947	-	1,751,947	1,779,368
Net income / (expenditure)		230,602	-	230,602	(224,575)
Net movements in funds		230,602	-	230,602	(224,575)
Reconciliation of funds:					
Total funds brought forward		(174,386)	-	(174,386)	50,189
Total funds carried forward	16, 17	56,216	-	56,216	(174,386)

All amounts relate to unrestricted activities in the current and prior years.

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 13 to 23 form part of these accounts.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

BALANCE SHEET
At 31 December 2018

Company Registration Number : SC332951

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible Assets	9	3,991	1,195
Investments	10	-	-
CURRENT ASSETS			
Debtors – Amounts due within one year	11	145,586	158,635
Cash at bank		232,713	39,429
		<u>378,299</u>	<u>198,064</u>
CREDITORS – amounts falling due within one year	12	<u>(326,074)</u>	<u>(363,645)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>52,225</u>	<u>(165,581)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>56,216</u>	<u>(164,386)</u>
CREDITORS – Amounts due after one year	13	<u>-</u>	<u>(10,000)</u>
NET ASSETS/(LIABILITIES)		<u><u>56,216</u></u>	<u><u>(174,386)</u></u>
GENERAL FUND	16	<u>56,216</u>	<u>(174,386)</u>
TOTAL FUNDS	16	<u><u>56,216</u></u>	<u><u>(174,386)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24/05/19



C Grant
Director

The notes on pages 13 to 23 form part of these accounts.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	2018 £	2017 £
Cash flows from operating activities		
Net income / (expenditure) per SOFA	230,602	(224,575)
Interest receivable	(289)	(256)
Depreciation	1,808	1,288
Loss on disposal of investment	-	100
Decrease in debtors	13,049	31,177
(Decrease)/increase in creditors	(47,571)	199,049
Net cash received from operations	<u>197,599</u>	<u>6,783</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,604)	-
Interest income	289	256
Net cash (used in)/provided by investing activities	<u>(4,315)</u>	<u>256</u>
Increase in cash and cash equivalents in the year	193,284	7,039
Cash and cash equivalents at the beginning of the year	<u>39,429</u>	<u>32,390</u>
Total cash and cash equivalents at the end of the year	<u>232,713</u>	<u>39,429</u>

The notes on pages 13 to 23 form part of these accounts.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

1. The charitable company

The charitable company is incorporated in Scotland under the Companies Act 2006 and is limited by guarantee and was formed to advance education through the promotion of an internship programme. The registered office details and charity and company registration numbers are included in the company information on page 1.

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS 102), the Charities and Trustees Investment (Scotland) Act 2005 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies (see note 3). The Entrepreneurial Scotland Foundation meets the definition of public benefit entity under FRS 102.

The presentation currency of these financial statements is GBP. The figures have been rounded to the nearest pound.

Going concern

The charitable company has net current assets of £52,225 (2017: net current liabilities of £165,581) and net assets of £56,216 (2017: net liabilities of £174,386). The company does not have any external debt arrangements and is funded using its own cash resources and in combination with assistance from Entrepreneurial Scotland Limited, a fellow Group entity, and its parent company Entrepreneurial Scotland Group Limited. The company's forecasts and cash flow projections, taking into account any changes in operational performance, indicate a surplus result. The directors in considering this projected outturn have reviewed the period to June 2020. This indicates that the company has sufficient funds to finance the company's planned work programme. The directors are satisfied that there is sufficient resources to underpin the 2019 / 2020 Strategic Review and therefore consider that the going concern basis of preparation continues to be appropriate.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

2. Accounting policies (cont'd)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Fund accounting

Unrestricted funds are available for use for the general objectives of the charity at the directors' discretion. The directors can also designate funds for use on specific projects and expenditure. Restricted funds comprise income received by the charity to cover specific areas of expenditure.

Income

All income is included in the statement of financial activities to the extent that it is probable that the economic benefits will flow to the charity and the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Income from donations includes donations, gifts and legacies and grants that provide core funding or are of a general nature are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income consists entirely of gross bank deposit interest.

Amounts received by the charity from the subsidiary undertaking by way of gift aid are included in income of the charity in the period to which it relates.

Donated resources and services – gifts in kind

The activities of The Entrepreneurial Scotland Foundation are supported by a large number of organisations and businesses including Saltire USA and Saltire Canada. SORP 2015 requires that, where the benefit of these services is reasonably quantifiable and measureable, an amount should be recognised within income in the statement of financial activities with a corresponding expense. The directors have undertaken an exercise to value the open market costs of its activities and accordingly, the financial statements recognise a value for donated resources and services as disclosed in note 4.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

2. Accounting policies (cont'd)

Expenditure

Expenditure is recognised on an accrual basis. All expenditure includes VAT where appropriate.

Costs of raising funds include the costs relating to fundraising events and activities.

Costs of charitable activities are the costs of operating the core activities of the charity.

Governance costs include costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and other expenses linked to the management of the charity. Governance costs are included in note 7.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Tangible fixed assets and depreciation

Fixed assets purchased by the charity are shown in the balance sheet at cost price, less amounts written off by way of depreciation. Fixed assets less than £250 are not capitalised.

Depreciation is provided using the following rates:-

Computer Equipment	25% straight line
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No depreciation will be charged in year of acquisition.

Financial instruments

Financial assets and liabilities are initially measured at transaction price (including transaction costs). The group only has financial assets and liabilities of a kind that qualify as basic financial instruments. An analysis is given in note 15.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, the directors have made the following judgements.

- Determining whether any bad debt provision is required by reviewing trade debtors, with debts provided on a specific basis. Factors considered include customer payment history and agreed credit terms.
- Determining the fair value of the donated goods, facilities and services to the charity by review of the market rate for the gifts in kind.

	2018 £	2017 £
4. Income		
Donations	491,867	265,409

Donations are from companies, private individuals, associations and other charitable organisations.

	2018 £	2017 £
Scholar and Fellowship fee income	1,465,561	1,268,451
Gift in kind - office rental	24,832	20,677
Charitable activities	1,490,393	1,289,128
Investment income	289	256

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

	2018	2017
	£	£
5. Expenditure on raising funds		
Fundraising management – wages and salaries	57,780	57,150
Printing, stationery and photography	4,055	2,716
	<u>61,835</u>	<u>59,866</u>
6. Expenditure on charitable activities		
	2018	2017
	£	£
Wages and salaries	343,983	314,119
Staff costs	35,032	24,494
Travel, training and subsistence	1,029,551	1,081,017
Consultants and contractors	137,256	164,125
Marketing and advertising	62,946	40,367
Website development and other IT costs	19,582	8,937
Bad debts	16,920	22,518
Gift in kind - office rental	24,832	20,677
Depreciation	1,808	1,288
Bank charges	3,645	2,761
Foreign exchange differences	(2,897)	13,638
Audit fees	7,000	8,600
Legal and professional fees	10,454	16,961
	<u>1,690,112</u>	<u>1,719,502</u>

Included in the above are total governance costs of £17,454 (2017 - £25,561) being audit fees and legal and professional fees.

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

7. Taxation

As a registered charity, The Entrepreneurial Scotland Foundation is exempt from taxation on surpluses earned from its charitable activities.

8. Directors and employees

The directors did not receive any remuneration during the year in respect of their services to the company and directors were not reimbursed for expenses incurred during the year and prior year.

The company has 1 employee (2017: 1) who received remuneration in excess of £60,000 (between £140,000 and £150,000) in the year ended 31 December 2018 (2017: 1 between £140,000 and £150,000). The salary cost of the employee is incurred by Entrepreneurial Scotland Limited. £118,627 of this cost is recharged to The Entrepreneurial Scotland Foundation Limited and included in expenditure of the charity. £57,780 of this is included in expenditure of the related entity Entrepreneurial Scotland Limited. This is reflective of the cost element for each entity in relation to the services provided by that employee during the year

The company had 8 employees for the year ended 31 December 2018 (2017: 5).

	2018 £	2017 £
Gross salaries	351,599	329,300
Social security costs	39,776	37,479
Pension costs	10,388	4,490
	<u>401,763</u>	<u>371,269</u>

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NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

9. Tangible Fixed Assets	Computer Equipment £	
Cost		
As at 1 January 2018 and at 31 December 2018	2,807	
Additions	4,604	
As at 31 December 2018	<u>7,411</u>	
Depreciation		
As at 1 January 2017	1,612	
Charge for the year	1,808	
As at 31 December 2018	<u>3,420</u>	
Net book amount		
As at 31 December 2018	<u>3,991</u>	
As at 31 December 2017	<u>1,195</u>	
10. Investments	2018 £	2017 £
Company		
Investment in subsidiary	<u>-</u>	<u>-</u>

The investment represented 100% of the ordinary share capital being 100 £1 shares in Saltire Ventures Limited, a wholly owned subsidiary of The Entrepreneurial Scotland Foundation. The investment was written off on dissolution of the company in the prior year

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NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

11.	Debtors	2018	2017
		£	£
	<u>Amounts due in less than one year</u>		
	Trade debtors	131,678	136,965
	Other debtors	10,251	16,170
	Prepayments and accrued income	3,657	5,500
		<u>145,586</u>	<u>158,635</u>

Accrued income relates to donations pledged and committed pre year end and received post year end

		2018	2017
		£	£
12.	Creditors - amounts falling due within one year		
	Trade creditors	74,738	54,388
	Accruals	63,839	135,513
	Deferred income (note 14)	34,430	53,643
	Amounts due to related undertakings	117,225	120,101
	Amounts due to related parties	35,842	-
		<u>326,074</u>	<u>363,645</u>

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NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

	2018	2017
	£	£
13. Creditors - amounts falling due after one year		
Deferred income (note 14)	-	10,000
	<u>-</u>	<u>10,000</u>
	<u>-</u>	<u>10,000</u>

	2018	2017
	£	£
14. Deferred income		
<i>Deferred income</i>		
At 1 January 2018	63,643	110,000
Released during the year	(53,643)	(90,000)
Deferred during the year	24,430	43,643
	<u>34,430</u>	<u>63,643</u>
At 31 December 2018	<u>34,430</u>	<u>63,643</u>

Deferred income represents amounts received in respect of 2019 scholarships and event income. This will be released in the year to 31 December 2019 when the scholarship programme and events take place.

	2018	2017
	£	£
15. Financial instruments		
Financial assets		
Financial assets that are debt instruments measured at amortised cost	371,034	198,064
	<u>371,034</u>	<u>198,064</u>
Financial liabilities		
Financial liabilities measured at amortised cost	291,644	310,002
	<u>291,644</u>	<u>310,002</u>

Financial assets measured at amortised cost comprise of cash, trade debtors, other debtors and amounts owed by related undertakings.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals, amounts owed to related undertakings and amounts owed to related parties.

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NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

16. Analysis of charitable funds

2018

	Opening balance at 1 Jan 2018 £	Income £	Expenditure £	Closing balance at 31 Dec 2018 £
Unrestricted funds				
General funds	(174,386)	1,982,549	(1,751,947)	56,216

2017

	Opening balance at 1 Jan 2017 £	Income £	Expenditure £	Closing balance at 31 Dec 2017 £
Unrestricted funds				
General funds	50,189	1,554,793	(1,779,368)	(174,386)

17. Analysis of net assets between funds

2018

	General Fund £	Designated Fund £	Restricted Fund £	Total £
Tangible fixed assets	3,991	-	-	3,991
Cash at bank	232,713	-	-	232,713
Other net current assets	(180,488)	-	-	(180,488)
Non-current liabilities	-	-	-	-
Total	56,216	-	-	56,216

2017

	General Fund £	Designated Fund £	Restricted Fund £	Total £
Tangible fixed assets	1,195	-	-	1,195
Cash at bank	39,429	-	-	39,429
Other net current assets	(205,010)	-	-	(205,010)
Non-current liabilities	(10,000)	-	-	(10,000)
Total	(174,386)	-	-	(174,386)

THE ENTREPRENEURIAL SCOTLAND FOUNDATION

NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

18. Related Parties

During the year The Entrepreneurial Scotland Foundation received gifts in kind from Saltire US of £72,097 (2017: £153,611) as they incurred expenditure on behalf of The Entrepreneurial Scotland Foundation. Donations were receivable of £Nil from Saltire US (2017: £Nil). At 31 December 2018 a balance of £Nil (2017: £Nil) was due from Saltire US. The Entrepreneurial Scotland Foundation and Saltire US have board members in common.

During the year The Entrepreneurial Scotland Foundation received gifts in kind from Saltire Canada of £35,689 (2017: £Nil) as they incurred expenditure on behalf of The Entrepreneurial Scotland Foundation. At 31 December 2018 a balance of £35,842 was due to (2017: £Nil) Saltire Canada as they provided funds of £71,531 in the year. The Entrepreneurial Scotland Foundation and Saltire Canada have board members in common.

During the year the Entrepreneurial Scotland Limited incurred expenditure of £410,612 (2017: £449,486) on behalf of The Entrepreneurial Scotland Foundation. At 31 December 2018 a balance of £117,225 was due to (2017: £120,101) Entrepreneurial Scotland. The Entrepreneurial Scotland Foundation and Entrepreneurial Scotland Limited have board members in common.

Key management personnel include the management team who have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to the management team for services provided to the Entrepreneurial Scotland Group was £299,127 (2017: £297,289). £144,603 (2017: £198,193) of this key management remuneration was charged to The Entrepreneurial Scotland Foundation for their services to the charity.

19. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Entrepreneurial Scotland Group Limited (Limited by Guarantee) and the largest and smallest group for which consolidated accounts are prepared is The Entrepreneurial Scotland Group Limited. In the opinion of the directors, the ultimate parent company and the ultimate controlling party is Entrepreneurial Scotland Group (Limited by Guarantee). Entrepreneurial Scotland Group (registered company number SC478348) is incorporated in Scotland. The principal activity of Entrepreneurial Scotland Group Limited is that of a holding company and it can exercise no control over The Entrepreneurial Scotland Foundation.

Consolidated accounts are prepared by the parent undertaking and are available from the registered office detailed on page one of the financial statements.