

SENSCOT LIMITED
SOCIAL ENTREPRENEURS NETWORK SCOTLAND
(A Company Limited by Guarantee)

REPORT AND ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

Charity no: SC029210

Company Number: 278156

SENSCOT LIMITED
(A Company Limited by Guarantee)

ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

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DIRECTORS' REPORT (CONTINUED)

Structure, Governance and Management

Governing document

Senscot was launched in January 1999 as an unincorporated association with charitable status. On 5 January 2005, the trustees of Senscot decided that the organisation should become a company limited by guarantee. As of 1 April 2005, a resolution was passed at the 2004 AGM, where the trustees of Senscot transferred all its assets and liabilities to the company. Senscot has been operating as the company since that date. Senscot, the company limited by guarantee, is governed by its Memorandum and Articles of Association dated 17 December 2004. It is registered as a charity with the Inland Revenue.

In order to assist in the understanding of the financial statements, the results and balance sheet of Senscot, the unincorporated association for the year ended 31 March 2005 are included in these abbreviated financial statements as a memo only.

Appointment of Directors

Nominations to be a director are requested from the membership and can be submitted at any time before the commencement of the AGM. The board currently comprises four directors from the membership. Any directors appointed by the directors during the year, and two of the remaining member directors, must stand down at the AGM but are eligible for re-election. The nominations for election are put to the membership at the AGM and the full board is thereby elected. At their first meeting after the AGM the directors elect their office bearers for the coming year. Further directors can be co opted by the board of directors during the year.

Director induction and training

After election an induction programme is offered to all new directors. In addition all directors receive an information pack that contains the Memorandum and Articles of Association, roles and responsibilities of being a director, and background information on the organisation.

Organisation

The full board of directors meets every two months. The board spends a day and half each year undertaking a strategic review and forward planning for the organisation. The Executive Director produces a report of the organisation's progress to the directors on a quarterly basis. The Executive Director has delegated powers to make day-to-day decisions regarding the organisation's operations. A work plan and budget is agreed between the Executive Director and the directors and if there is significant variation required, this is referred to the directors for approval.

Risk management

The annual strategic review and forward planning event considers the risks to which the organisation is exposed and identifies what needs to be in place to manage these risks through the year. The risks faced by the company fall into two categories, internal and external.

Internal risks are minimised by the implementation of procedures for authorisation of transactions and projects and to ensure consistent quality of delivery for all operational aspects of the company.

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DIRECTORS' REPORT (CONTINUED)

External risks relate largely to the continued funding of the company. However an encouraging development is the continued support from both private and public sectors, which should ensure the long-term financial stability of the company.

Any variation from the business has an associated risk assessment that is presented to the board of directors.

Related parties

Senscot co-operates with other social enterprise organisations throughout Scotland and has formal links with the Scottish Social Enterprise Coalition.

Objectives and activities

Senscot's mission statement is "to continue to build and operate an independent network with the scale and momentum to drive an expanding social enterprise sector in Scotland". The key objectives flowing from this mission are as follows:

- To connect the majority of social enterprises in Scotland to the Senscot network.
- To share information and inspiration electronically.
- To share information and inspiration through local networks.
- To broker mutual support and joint working.
- To create, with others, new services to develop the social enterprise community.
- To influence policy to help the growth of the social enterprise sector.
- To promote the wider benefits of social enterprise.

Achievements and performance

During the year Senscot continued to pursue the key objectives outlined above. Senscot has established contact with approximately half of the estimated 3,000 social enterprises that exist in Scotland. The Senscot weekly electronic bulletin now goes out to almost 3,000 contacts. Both the database and the website are constantly being refined and developed. The database currently holds records on approximately 4,500 organisations and individuals. The website is now attracting over 5,000 hits per week from around 1,500 individual visitors.

During the year, Senscot continued to establish new Local Social Enterprise Networks around the country. There are now 10 geographic networks and 3 thematic ones. The networks also held their first national gathering at New Lanark in November, which was highly successful.

The Senscot Exchange was established during the year, to broker support for emerging social enterprises at three levels – web-based, personal response and active accounts. In the year to March 2006, the Exchange responded with practical help and assistance to over 1,000 enquiries. There were 24 organisations that benefited from being active accounts and there have been over 50,000 hits on the Exchanges web-based services.

Senscot, Scotland UnLtd, the DTA Scotland, and the Social Enterprise Academy, together with a number of other organizations, make up a social enterprise cluster of 11 organisations that Senscot has continued to support via the provision of affordable office space and common services at its Edinburgh premises. Scotland UnLtd has been operating for over 4 years, the DTA Scotland is in its third year and has over 100 members, and the Social Enterprise Academy commenced delivering programmes in December 2004 with 20 courses attended by almost 300 participants.

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DIRECTORS' REPORT (CONTINUED)

During the year Senscot engaged with policy makers at local and national level, and became a founding member of the Scottish Social Enterprise Coalition, contributing to the development of the Social Enterprise Strategy with the report "Support needs in the social enterprise sector – one size doesn't fit all". Senscot also continue to promote the wider benefits of social enterprise through speaking at meetings and conferences and by publishing articles.

Financial review

A surplus of £31,198 arose during the year (*Memo: 2005 surplus £27,350*).

Principal funding sources

Principal funding sources for the year under review are: the Scottish Executive, Communities Scotland, the Esmee Fairbairn Trust, Coalfields Regeneration Trust, the Royal Bank of Scotland PLC, and income generated by the activities of Senscot. Other than the Coalfields Regeneration Trust funding, the principal funding sources have been unrestricted contributions to the core costs of Senscot and as such have been applied in support of all its key objectives.

Investment policy

Under the Memorandum and Articles of Association, the company has the power to invest in any way the directors wish. However, there are few funds for long-term investment and the directors, having regard to the liquidity requirements of operating the company and to the reserves policy have operated a policy of keeping available funds in an interest bearing current account.

Reserves policy

The Board has set a target level of reserves equivalent to three months core running costs for the organisation. Currently reserves are progressing towards this target.

Plans for future periods

Senscot will continue to seek funding so that it has the capacity to undertake the following

- Continue to seek out new contacts with social enterprises in Scotland
- Formalise the link between each Local Social Enterprise Network and investigate strategic relationships at a regional and national level
- Repeat the success of the first national gathering of Local Social Enterprise Networks by holding a similar event in the coming year
- Further develop the Senscot Exchange to broker support for emerging social enterprises
- Continue to "spread the word" about social enterprise through speaking at meetings and conferences and by publishing articles.

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DIRECTORS' REPORT (CONTINUED)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the directors should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 company will continue in operation.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Gregor Clark & Co, C.A's have expressed their willingness to continue in office as auditors to the company.

By order of the board:

Elizabeth Thomas (Director)

June 2006

SENSCOT LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
(Including Income & Expenditure Account)
For the Year Ended 31 March 2006**

	Notes	Unrestricted General Funds £	Restricted Funds £	Total Funds 2006 £	<i>Memo: Total Funds 2005 £</i>
Incoming resources					
<i>Incoming resources from generated funds:</i>					
<i>Voluntary income</i>					
<i>Grants</i>					
Scottish Executive		107,943	-	107,943	72,790
Scottish Executive (ESF)		65,287	-	65,287	71,368
Communities Scotland		87,184	-	87,184	164,951
Esmee Fairbairn		30,000	-	30,000	30,000
Other		68,229	15,668	83,897	19,694
		358,643	15,668	374,311	358,803
<i>Investment income</i>		829	-	829	897
		5,670	-	5,670	5,451
<i>Incoming resources from charitable activities</i>					
<i>Other incoming resources</i>					
		-	-	-	-
Total incoming resources		365,142	15,668	380,810	365,151
Resources expended					
<i>Costs of generating funds:</i>					
Fundraising costs of grants		14,745	-	14,745	11,932
<i>Charitable activities:</i>					
Support services		81,723	15,668	97,391	170,424
Networks		97,391	-	97,391	71,924
Promotion & communications		58,984	-	58,984	47,727
		238,098	15,668	253,766	290,075
Governance costs		45,862	-	45,862	35,794
Total resources expended		298,705	15,668	314,373	337,801
Net movement in funds		66,437	-	66,437	27,350
<i>Reconciliation of funds:</i>					
Total funds brought forward		-	-	-	7,889
Total funds carried forward		66,437	-	66,437	35,239

The statement of financial activities includes all gains and losses recognised in year.
All incoming resources and resources expended derive from continuing activities.

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**BALANCE SHEET
As at 31 March 2006**

	Notes		
		2006	<i>Memo: 2005</i>
		£	£
Fixed assets			
Tangible fixed assets		20,749	15,534
Current assets			
Debtors and accrued income		56,876	29,925
Cash at bank and in hand		17,814	14,712
		<u>74,690</u>	<u>44,637</u>
Current liabilities			
Creditors falling due within one year		<u>(29,002)</u>	<u>(20,794)</u>
Net current assets		45,688	23,843
Net assets less current liabilities		66,437	39,377
Creditors falling due after more than one year		-	(4,138)
Net assets		<u>66,437</u>	<u>35,239</u>
The funds of the company			
Unrestricted general income funds		66,437	35,239
Restricted income funds		-	-
		<u>66,437</u>	<u>35,239</u>

Approved by the Directors on June 2006 and signed on its behalf by:

Rodney Stares, Director