

**SKILLNET EDINBURGH**  
**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2009**

**Charity No SC024528**

**Company No SC228710**

**WHITELAW WELLS**  
**Chartered Accountants**

**EDINBURGH**

**GLASGOW**

**SKILLNET EDINBURGH**

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**For the year ended 31 March 2009**

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**SKILLNET EDINBURGH  
DIRECTOR'S REPORT**

**LEGAL AND ADMINISTRATIVE INFORMATION**

**For the year ended 31 March 2009**

**Directors and Council**

Marion Fletcher	Chair
Dr Nicolina Kamenou	Vice-chair
Arthur Akgubo	Treasurer
Lawrence Brew	
Shirley Galbraith	
Dinesh Joshi	
Dr Maktoba Omar	
Professor Geoff Palmer	

**Company Secretary**

Eddy McGregor

**Business Manager**

Eddy McGregor

**Registered Office and operational address**

Norton Park  
57 Albion Road  
Edinburgh EH7 5QY

**Auditors**

Whitelaw Wells  
9 Ainslie Place  
Edinburgh EH3 6AT

**Bankers**

Royal Bank of Scotland  
2 Blenheim Place  
Edinburgh EH7 5JH

# **SKILLNET EDINBURGH**

## **DIRECTOR'S REPORT**

**For the year ended 31 March 2009**

The Directors are pleased to present their report together with the financial statements of the charity for the year ended 31<sup>st</sup> March 2009.

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

#### **Governing Document**

Skillnet Edinburgh Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 4 March 2002. It is registered as a charity with the Office of the Scottish Charity Regulator, having initially been established as an unincorporated charity in 1996. Anyone over the age of 18 can become a member of the company, each of whom agrees to contribute £1 in the event of the charity winding up.

#### **Appointment of Directors**

As set out in the Articles of Association the chair of the directors is elected by the other directors. Directors are elected from amongst eligible members at the Annual General Meeting of the company. At each AGM, one third of directors, being determined by length of service, shall retire. Those directors retiring at an AGM are eligible for re-election.

The directors have the power to appoint further members to fill any vacancies that arise. Appointed members may hold post until the next AGM, when they shall retire.

All members are circulated with invitations to nominate directors prior to the AGM advising them of the retiring directors and requesting nominations for the AGM. When considering appointing directors, the Board has regard to the requirement for any specialist skills needed.

At present, only those Directors listed on page 1 are members of Skillnet. The Directors have embarked upon a programme to develop the membership of Skillnet and widen the pool of those eligible to serve as Directors.

#### **Director Induction and Training**

New directors undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Article of Association, the committee and decision making process, the business plan and recent financial performance. The directors and staff hold an annual training day, and directors are encouraged to undertake any external training that is appropriate to their roles.

#### **Organisation**

The board, who are directors for the purpose of company law and trustees for the purpose of charity law, can have up to 10 members. They administer the charity. The board meets quarterly and there are sub-committees covering personnel and finance & projects which meet more regularly. A director is appointed by the directors/trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the director has delegated authority, within terms of delegation approved by the directors, for operational matters including finance, employment and project activity.

#### **Risk management**

The directors have a risk management strategy that comprises

- A review of the risks the charity may face
- The establishment of policies and procedures to minimise risk to the charity

## **SKILLNET EDINBURGH**

### **DIRECTOR'S REPORT (continued)**

#### **For the year ended 31 March 2009**

As employment law becomes ever more complicated, the directors identified a medium to high risk of breaches of employment legislation. To counter this, an Employment Consultancy company was retained to provide advice and support on employment related matters. The Employment Consultancy also provides full legal and indemnity cover in the case of any employment tribunal. The directors are confident that this measure reduces the employment related risk of the charity to a low level.

The major risk identified by the directors was the financial position of Skillnet. The directors remain committed to diversifying the funding base of Skillnet, and seek multi-year funding, in order to provide on-going services for clients.

As a charity, dependent upon external financing, there exists an on-going risk to the medium to long-term sustainability of the charity. The directors have played an active part in trying to identify sources of multi-annual funding. During the year, Skillnet was again successful in gaining European Funding to develop and deliver services in partnership with the Black Community Development Project, as well as being awarded funding from the Scottish Government Race, Religion and Refugee Integration Fund until March 2011. An application to the Big Lottery Fund led to three year funding being awarded to develop the Mind2Work project. This funding will run from April 2009 – March 2012.

The directors regularly review the management accounts for the charity, and whilst still concerned at the financial risk to the charity, are confident that this can be addressed over the coming year.

#### **Related Parties**

Skillnet Edinburgh is a member of the City of Edinburgh Joined Up for Jobs Forum, Edinburgh and Lothian Race Equality Council, CEMVO, SCVO and EVOC. Our links with local statutory and non-statutory organisations shapes the services we provide, and ensure that we are aware of the wider strategic priorities of decision makers.

Skillnet is a member of the EMPOWER partnership. Skillnet's Business Manager, Eddy McGregor, is a director and treasurer of EMPOWER.

During the year, Skillnet continued the new partnership with Black Community Development Project to deliver structured employability and personal development training.

Skillnet continues to work closely with other specialist and mainstream agencies in Edinburgh in developing our work and services to clients.

#### **Objectives and activities**

The objectives of Skillnet are:

- To work towards the elimination of racial discrimination in training, education and employment
- To promote equality of opportunity and good relations between persons of different racial groups within the City of Edinburgh and surrounding areas.

Our wider aim is to promote the social and economic equality of minority ethnic communities, through education, training and sustainable employment, for an inclusive and enriched Scotland.

## SKILLNET EDINBURGH

### DIRECTOR'S REPORT (continued)

#### For the year ended 31 March 2009

The directors previously agreed the following strategies to meet charitable objectives

- A range of courses and workshops giving service users the skills and confidence to access appropriate training, education or employment
- Information on careers, education, and training opportunities
- Specialist project for men with mental health support needs
- Works with a range of employers and policy makers highlighting the labour market situation for minority ethnic communities in Edinburgh and the Lothians

#### Review of the Year

*'Skillnet Edinburgh is singular in its background, set up, aims, objectives and programming'*

Words from our first annual report, written in 1996.

The work of Skillnet is, and continues to be, to pro-actively address the needs of BME communities, to provide training, group and one-to-one support, and to work with employers and other training providers to tackle the institutional and structural barriers that prevent full participation.

Through this, we strive to create equality of opportunity for BME communities throughout Edinburgh and the Lothians.

In working towards this vision, we realise that we cannot succeed alone. Over the years, we have worked with many partners to achieve our goals, and we would like to highlight three of them here.

#### Nisus

In 2004, Skillnet and Nisus Scotland established a joint project – Skilltech.

The Skilltech project was designed to meet the threefold needs of participants. It provided accredited IT training, English Language support, and Employability support.

Over the years, over 150 people completed the 12 week training courses, gaining relevant qualifications and support into employment. With the support of Stevenson College, the English Language support was accredited, allowing participants to add ESOL qualifications to the ECDL qualification gained through the IT training.

In June 2008, as a result of unrelated funding issues, Nisus was forced to close. The loss of Nisus has had a major impact on our ability to provide high quality and supportive IT and English accredited training. Whilst we continue to seek suitable partners to continue the success of the Skilltech course, we would also like to thank and pay tribute to the hard work of all the staff and volunteers at Nisus.

They say that whilst one door closes, another opens, and as the Skilltech partnership ended with Nisus, Skillnet embarked upon another partnership project.

## **SKILLNET EDINBURGH**

### **DIRECTOR'S REPORT (continued)**

#### **For the year ended 31 March 2009**

##### BCDP

The Black Community Skills Project is a partnership between Skillnet and the Black Community Development Project (BCDP).

BCDP were established around the same time as Skillnet, back in 1995, and work with BME communities to tackle discrimination and racism throughout Edinburgh, through case work, advocacy and capacity building.

Skillnet and BCDP had worked together in the past on joint one-off training courses, but both organisations recognised the value of working together and pooling our respective talents of community development and outreach with pre-vocational training and support.

In 2007, an application was submitted to ESF to develop and run the pilot Skills Project. The aim of the project was to work with 70 participants over the year, with the expectation that 20 would gain employment within 6 months of completion. The project mixes personal development (the soft skills), with language and IT support (the hard skills), followed by work placement (the experience). Ongoing one-to-one and group support sessions help participants hone their skills, and develop better opportunities for people to access employment.

Key to the success of this pilot project was the provision of training close to the participants, enabling people to learn with other learners from within their local communities, to promote peer-to-peer support groups and through work with locally based mainstream organisations, to promote social inclusion and community cohesion.

At the end of March 2008, Skillnet and BCDP welcomed Mrs Maureen Watt, Minister for Schools and Skills, to present certificates of achievement to most of the participants. Mrs Watt was delighted to hear that 21 of the participants were unable to attend – as they were now in employment!

The success of this joint project led to applications being submitted to ESF and the Scottish Government for funding. We were delighted to receive £250,000 over three years from the Scottish Government, and up to £137,000 from ESF for 2008-09.

Once again, in March 2009, we were delighted to host our graduation ceremony, and welcomed Mrs Shirley-Anne Somerville to present successful participants with certificates of achievements. And once again, around 30 participants could not make the event due to work commitments!

We have been awarded a provisional grant for the forthcoming year, and hope to continue building on the successes we have achieved so far.

##### EMPOWER

The EMPOWER partnership came to a natural end this year. EMPOWER was established in 2001 as a partnership of 5 organisations supporting BME communities, with a focus on developing innovative projects aimed at increasing economic opportunities.

In 2004, 7 more organisations joined the partnership, including Glasgow and Fife Councils and Adam Smith College. This partnership of voluntary, statutory and education sector organisations embarked upon a 3 year EQUAL funded program that ranged from examining the tender opportunities for BME businesses within local authorities, to providing business start-up support for individuals.

## **SKILLNET EDINBURGH**

### **DIRECTOR'S REPORT (continued)**

#### **For the year ended 31 March 2009**

During the three years, Skillnet piloted a number of projects, including those promoting individuals in accessing coaching courses and advocacy development work. This work aimed not only to develop employment opportunities, but also to develop positive role models that can inspire and challenge others, in particular employers and educational institutions which still struggle to achieve a diverse workforce.

The focus of this work changed in the past year, from piloting work and assessing what worked effectively, to rolling out the lessons we have learned to other organisations and policy makers.

Finally, no review of the year would be complete without the Mind2Work project. This past year saw the third (and final) year of the Mind2Work project.

Once again, targets were exceeded, demonstrating the continued demand for the services the project provided. Forty-four men received support through the project. In addition, and as a result of demand from other organisations, a small pilot with 11 women was run along similar lines.

This pilot increased our knowledge and understanding of the needs of BME women experiencing mental ill-health, and following discussions with a number of gender focused organisations, we submitted an application to the Big Lottery Fund to expand the Mind2Work project to include women. Our application was successful, and Skillnet was awarded almost £270,000 over the next three years to fund the development of our work. This will ensure the continuation of the Mind2Work project until March 2012.

#### **Financial Review**

In June 2008, the Mind2Work project came to an end. Following an external evaluation of our work, Skillnet submitted an application to the Big Lottery fund for continued funding. This application was successful, and in January 2009, Skillnet was awarded £270,000 for the three years from April 2009 – March 2012.

We received one year funding from ESF with respect to the Black Community Skills Project which has allowed us to develop the partnership approach with BCDP. During 2008-09 we were awarded up to £137,000, although due to the criteria around eligible expenditure and match funding, we were only able to access £93,000 of this.

We have also been awarded an indicative grant for 2009-2010 of up to £117,000, subject to final checks and formal acceptance.

The financial climate within the voluntary sector, the reduction of ESF funding across the country, and the increased demand on other funders, generates uncertainty and concern both for the Board and also the staff working for Skillnet. The Business Manager, supported fully by the Board, will continue to seek multi-annual funding, diversify the funding base of the organisation, and work to increase the unrestricted reserves of Skillnet.

#### **Grant Making Policy**

The charity awards grants in line with the terms and conditions it has to comply with as lead partner of a given project.

## **SKILLNET EDINBURGH**

### **DIRECTOR'S REPORT (continued)**

#### **For the year ended 31 March 2009**

##### **Investment powers and policy**

Under the memorandum and Articles of Association, the charity has the power to invest in any way the directors wish.

The directors, having regard to the liquidity of the charity, have established with the Royal Bank of Scotland a High Interest Deposit Account. The Royal Bank automatically transfers any surplus funds from our current account to the High Interest account, maximising the income received by the charity.

##### **Reserves Policy**

The directors seek to reach a level of reserves equivalent to three months operation expenses. This level of reserve would provide for the short-term withdrawal of funding, and allow for alternative funding to be sourced, of failing this, an ordered exit strategy for staff and clients.

The directors therefore aim to generate unrestricted reserves of approximately £37,000. The actual unrestricted reserves of the charity at 31<sup>st</sup> March 2008 were £3,582. The charity also had restricted funds in deficit of £29,693. As noted within the accounts, the Directors are taking active steps to eliminate this deficit over the duration of the 3 year project.

The directors are committed to generating the necessary unrestricted funding to reach the targeted reserves, and will be pro-active in generating increased income for the charity.

##### **Plan for future periods**

The board of directors met in May 2009 to review the work of Skillnet in relation to the previous business plan (2005-2008), to examine the on-going work of Skillnet, and to plan and develop a strategy for the next 3-5 years, particularly in light of the continued and changing needs of clients during the current economic downturn.

The strategy for the future will focus on three key areas:

- To develop work with within Edinburgh and the Lothians
- To examine and develop opportunities for work across Scotland
- To publicise and promote the issues and barriers facing our clients in order to influence and promote change for a more inclusive society

Key to the strategy will be the development of collaborative approaches to work, along similar lines to the existing Black Community Skills Project, run in partnership with BCDP.

In the short term, Skillnet will continue to work with BCDP to promote and deliver the Black Community Skills Project with funding from the European Social Fund.

In addition, the funding from the Big Lottery Fund will allow an expansion of the Mind2Work project to meet the needs of women with mental ill-health, and we will be developing links with gender based organisations to facilitate this work.

## **SKILLNET EDINBURGH**

### **DIRECTOR'S REPORT (continued)**

**For the year ended 31 March 2009**

#### **Taxation**

Skillnet Edinburgh is a charity and is recognised as such by the Inland Revenue for taxation purposes. As a result, there is no liability to taxation on any of its income.

#### **Auditors**

A resolution to re-appoint Whitelaw Wells as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (May 2008) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

#### **Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the directors are required to: -

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

#### **Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the charitable company's auditors are unaware, and each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Approved by the Directors on 24 September 2009 and signed on their behalf by:

Eddy McGregor  
Company Secretary

## **SKILLNET EDINBURGH**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLNET EDINBURGH**

**For the year ended 31 March 2009**

We have audited the financial statements of Skillnet Edinburgh for the year ended 31 March 2009, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet and the related notes. The financial statements have been prepared in accordance with accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

#### **Respective responsibilities of trustees and auditors**

The trustees' (who are the directors of the company for the purposes of company law) responsibilities for preparing the Report of the Board of Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Responsibilities of the Board of Directors.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 1985 and report to you in accordance with those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and whether the information given in the Report of the Board of Directors is consistent with those financial statements.

We also report to you if, in our opinion, the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Report of the Board of Directors and consider the implications for our report if we become aware of any apparent misstatement within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**SKILLNET EDINBURGH**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLNET  
EDINBURGH**

**For the year ended 31 March 2009**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of affairs of the charity as at 31 March 2009, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information provided in the Report of the Board of Directors is consistent with the financial statements

Whitelaw Wells

Date: 24 September 2009

Eligible to act as an auditor in terms of section 25 of the Companies Act 1989

Chartered Accountants & Registered Auditors

9 Ainslie Place

Edinburgh

EH3 6AT

**SKILLNET EDINBURGH**

**INCOME AND EXPENDITURE ACCOUNT INCORPORATING STATEMENT OF  
FINANCIAL ACTIVITIES**

**For the year ended 31 March 2009**

	Note	Unrestricted Funds 2009 £	Restricted Funds 2009 £	Total Funds 2009 £	Funds 2008 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
<i>Voluntary income:</i>					
Donations	3	-	-	-	5,156
<i>Activities for generating funds:</i>					
Consultancy and other fees		21,926	-	21,926	7,773
<i>Investment income</i>		62	-	62	8
<b>Incoming resources from charitable activities:</b>					
Grants	4	-	179,163	179,163	192,134
		-----	-----	-----	-----
<b>Total incoming resources</b>		21,988	179,163	201,151	205,071
		-----	-----	-----	-----
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
Charitable activities		-	226,178	226,178	203,746
Governance costs		3,509	874	4,383	4,358
		-----	-----	-----	-----
<b>Total resources expended</b>	5	3,509	227,052	230,561	208,104
		-----	-----	-----	-----
<b>Net movement in funds</b>		18,479	(47,889)	(29,410)	(3,033)
Transfers between funds	16	(15,622)	15,622	-	-
		-----	-----	-----	-----
		2,857	(32,267)	(29,410)	(3,033)
<b>Total funds at 1 April 2008</b>		1,008	2,574	3,582	6,615
		-----	-----	-----	-----
<b>Total funds at 31 March 2009</b>		3,865	(29,693)	(25,828)	3,582
		=====	=====	=====	=====

The company has no recognised gains or losses other than the results for the year as set out above.  
All of the activities of the company are classed as continuing.

## SKILLNET EDINBURGH

### BALANCE SHEET

As at 31 March 2009

	Note	2009 £	2009 £	2008 £
<b>FIXED ASSETS</b>				
Tangible assets	9		-	-
<b>CURRENT ASSETS</b>				
Debtors	10	51,096		94,640
Cash in hand and at bank		171		313
		<hr/>		<hr/>
		51,267		94,953
<b>CURRENT LIABILITIES</b>				
Creditors: Amounts falling due within one year	11	(77,095)		(91,371)
		<hr/>		<hr/>
			(25,828)	3,582
			<hr/>	<hr/>
<b>TOTAL ASSETS LESS LIABILITIES</b>			(25,858)	3,582
			<hr/>	<hr/>
<b>NET ASSETS</b>			(25,828)	3,582
			<hr/> <hr/>	<hr/> <hr/>
<b>FUNDS</b>	15,16			
Restricted			(29,693)	2,574
Unrestricted - General			3,865	1,008
			<hr/>	<hr/>
			(25,828)	3,582
			<hr/> <hr/>	<hr/> <hr/>

These accounts are prepared in accordance with the special provision of Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Approved by the Directors on 24 September 2009 and signed on their behalf by:

Marion Fletcher  
Chair

Arthur Akugbo  
Treasurer

## SKILLNET EDINBURGH

### NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 March 2009

#### 1. ACCOUNTING POLICIES

##### **Basis of accounting**

The accounts have been prepared under the historical cost convention and are in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007), the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) issued in March 2005 except for the matter referred to below.

The Financial Reporting Standard for Smaller Entities requires that any surplus or deficit on the defined benefit pension scheme be recognised in the financial statements. The charity is a member of the Scottish Voluntary Sector Pensions Scheme, a multiemployer defined benefit pension scheme, which is unable to identify Skillnet Edinburgh's share of underlying assets or liabilities in the scheme. Consequently, the Board of Directors have followed the FRS17 requirement to account for the contributions to the scheme as if it were a defined contribution scheme.

##### **Fixed assets and depreciation**

Fixed assets are originally recorded at cost. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows :

Equipment	- 25% Straight line
Fixtures and Fittings	- 25% Straight line

Items of expenditure are capitalised where the purchase price exceeds £500.

##### **Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of donations and is included in full in the Statement of Financial Activities when receivable
- Activities for generating funds is received for consultancy work and is included in full in the Statement of Financial Activities when the charity earns the right to the income
- Investment income is included when receivable
- Incoming resources from charitable activities are received by the way of grants. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance
- The value of services provided by volunteers has not been included in these accounts

## SKILLNET EDINBURGH

### NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 March 2009

#### 1. ACCOUNTING POLICIES (continued)

##### Resources expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. The charity is not registered for VAT and accordingly costs are shown gross of irrecoverable VAT.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be directly to such activities and those of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

##### Unrestricted Funds

Unrestricted funds are grants and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

##### Restricted Funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund, together with a fair allocation of management and support costs.

#### 2. GOING CONCERN

The financial statements have been prepared on the going concern basis which assumes the charitable company will continue to operate for the foreseeable future. In order to do so the charitable company will require the continued support of its funders and creditors. The Directors of the charity have prepared cash flow projections for the 12 months to September 2010. These indicate that the charity should be in a position to honour all debts and obligations as they arise, assuming that grant income from funders is received in a timeous manner, in line with agreed payment schedules. Skillnet has confirmed funding from the Scottish Government until 2011, and from the Big Lottery until 2012, during which time the Directors will continue to seek further funding to secure the on-going operation of the charity.

#### 3. DONATIONS

	Unrestricted	Restricted	2009 Total	2008 Total
	£	£	£	£
Peninsula Referral	-	-	-	156
Robertson Trust	-	-	-	5,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,156</u>

#### INCOMING RESOURCES FROM ACTIVITIES TO FURTHER THE CHARITY'S OBJECTS

	Unrestricted	Restricted	2009 Total	2008 Total
	£	£	£	£
<b>Grants received for the promotion of equal opportunity:-</b>				
Big Lottery Fund	-	16,281	16,281	64,619
Scottish Government	-	70,000	70,000	-
Empower ESF – Revenue Grant	-	-	-	23,092
ESF 2007-13 Program	-	92,882	92,882	104,116
CLAN	-	-	-	307
	<u>-</u>	<u>179,163</u>	<u>179,163</u>	<u>192,134</u>

**SKILLNET EDINBURGH**

**NOTES TO THE FINANCIAL STATEMENT**

**For the year ended 31 March 2009**

**5. TOTAL RESOURCES EXPENDED**

	<b>Basis of Allocation</b>	<b>Provision of information to clients</b>	<b>Training</b>	<b>Strategic research &amp; policy</b>	<b>Governance</b>	<b>2009 Total</b>	<b>2008 Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Costs directly allocated to activities</b>							
Grants to Partners	Direct	-	78,571	-	-	78,571	61,731
Staff salaries (note 7)	Staff time	24,276	51,293	7,445	-	83,014	89,583
Other staff costs	Staff time	249	22,085	-	-	22,334	25,273
Property costs	Direct	3,754	7,507	3,754	-	15,015	16,687
Venue rent	Direct	54	1,633	-	11	1,698	2,542
Telephone	Direct	200	1,052	-	-	1,252	1,139
Printing, postage and stationery	Direct	129	677	-	-	806	1,177
Subscriptions	Direct	326	1,411	-	-	1,737	2,590
Publicity	Direct	-	324	-	-	324	-
Consultancy costs	Direct	-	-	2,400	-	2,400	-
Beneficiary costs	Direct	336	17,460	-	-	17,796	828
Audit fees	Direct	-	-	-	3,816	3,816	3,995
Legal fees	Direct	-	-	-	480	480	330
Board meeting and travel	Direct	-	-	-	76	76	33
Bank charges	Direct	171	1,071	-	-	1,242	2,196
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total resources expended</b>		<b>29,495</b>	<b>183,084</b>	<b>13,599</b>	<b>4,383</b>	<b>230,561</b>	<b>208,104</b>
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## SKILLNET EDINBURGH

### NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 March 2009

#### 6. NET INCOMING RESOURCES FOR THE YEAR

	2009	2008
	£	£
This is stated after charging:-		
Depreciation	-	-
Auditor's remuneration – audit fee	3,816	3,995
	<u>          </u>	<u>          </u>

No director received any remuneration for services as a director, nor was reimbursed any expenses (2008: nil).

#### 7. STAFF NUMBERS AND COSTS

	2009	2008
	£	£
Wages & salaries	71,891	77,435
Social security costs	5,850	6,451
Pensions	5,273	5,787
	<u>          </u>	<u>          </u>
	83,014	89,583
	<u>          </u>	<u>          </u>

The average monthly number of employees, calculated as full time equivalents, during the period was:

	No.	No.
Promotion of equal opportunity	3	3
	<u>          </u>	<u>          </u>

No employee received remuneration of more than £60,000 in either the current or previous year.

#### 8. TAXATION

The charitable company is exempt from corporation tax on its charitable activities.

**SKILLNET EDINBURGH**

**NOTES TO THE FINANCIAL STATEMENT**

**For the year ended 31 March 2009**

**9. TANGIBLE FIXED ASSETS**

	<b>Equipment Total £</b>
Balance at 1 Apr 2008	6,304
Additions in year	-
Disposals in year	-
Balance at 31 Mar 2009	6,304
<b>Depreciation</b>	
Balance at 1 Apr 2008	6,304
Charged in year	-
Disposals in year	-
Balance at 31 Mar 2009	6,304
<b>Net book value</b>	
At 31 March 2009	-
At 31 March 2008	-

**10. DEBTORS**

	<b>2009 £</b>	<b>2008 £</b>
Grants receivable	45,859	84,409
Other debtors	5,237	10,231
	51,096	94,640
	51,096	94,640

**11. CREDITORS: Amounts falling due within one year**

	<b>2009 £</b>	<b>2008 £</b>
PAYE & NI	4,519	15,712
Pension contributions	792	2,418
Accruals	3,500	3,290
Grants payable to partners	44,641	46,536
Bank loan and overdrafts	9,786	19,665
Other creditors	13,857	3,750
	77,095	91,371
	77,095	91,371

## SKILLNET EDINBURGH

### NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 March 2009

#### 12. COMMITMENTS UNDER OPERATING LEASES

At 31<sup>st</sup> March 2009 the company had annual commitments under operating leases as set out below.

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Operating leases which expires:		
Within 1 year	-	13,357
Over 5 years	10,704	-
	<u>          </u>	<u>          </u>

The company rents its premises at an annual rental of £10,704. This sum includes utilities and maintenance charges.

#### 13. RELATED PARTY TRANSACTIONS

During the year Skillnet invoiced SASLI (Scottish Association of Sign Language Interpreters) £2,400 for financial training and support services, all of which remained outstanding at the year end. SASLI and Skillnet are related parties as Skillnet's Business Manager is also a director of SASLI and the Acting Chief Executive of SASLI is a director of Skillnet.

#### 14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<b>General</b>	<b>Restricted</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Current Assets	51,267	-	51,267
Current Liabilities	(47,402)	(29,693)	(77,095)
	<u>          </u>	<u>          </u>	<u>          </u>
	3,865	(29,693)	(25,828)
	<u>          </u>	<u>          </u>	<u>          </u>

## SKILLNET EDINBURGH

### NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 March 2009

#### 15. MOVEMENTS IN FUNDS

	At 1 April 2008 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2009 £
<b>Restricted funds :</b>					
Big Lottery Fund – Mind2Work	-	16,281	(18,805)	2,524	-
ESF – Black Community Skills Project	-	92,882	(103,526)	10,644	-
Scottish Government (RRRIF)	-	70,000	(99,693)	-	(29,693)
Empower	2,574	-	(5,028)	2,454	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total restricted funds</b>	2,574	179,163	(227,052)	15,622	(29,693)
<b>Unrestricted funds</b>	1,008	21,988	(3,509)	(15,622)	3,865
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds</b>	3,582	201,151	(230,561)	-	(25,828)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### Purposes of restricted funds

- Big Lottery Fund: The Mind2Work project worked with men who have experienced mental ill-health. Through a program of training, one-to-one support, mentoring and advocacy, the project developed the core skills of clients in order to increase opportunities for employment, education and training.
- ESF – Black Community Skills Project is a partnership project between Skillnet Edinburgh and BCDP that aims to develop training and support programmes to assist people into employment, education or training. Skillnet Edinburgh is the lead partner.
- Scottish Government Race, Religion and Integration Fund joint funds the partnership project between Skillnet Edinburgh and BCDP that aims to develop training and support programmes to assist people into employment, education or training. Skillnet Edinburgh is the lead partner. This is a three year project and the intention is that the deficit in year one will be recovered by the end of the project.
- EMPOWER: EMPOWER was a partnership between voluntary sector, further education institutes and local authorities, developing innovative programmes to address the lack of opportunity for BME communities to access mainstream services and provisions. Within EMPOWER, Skillnet developed work around mentoring and advocacy, including peer-to-peer support networks, and access to leisure industries through training and accreditation.

#### Transfers between funds

During the year, unrestricted funds were used to match fund the activities undertaken through the Black Community Skills Project, part funded through ESF and the Scottish Government. This transfer was made to satisfy our match funding requirements as agreed as part of our funding application.

In addition, two smaller transfers were made to clear the balance on the Big Lottery Mind2Work fund and the EMPOWER fund. Both projects ceased during the year.

## SKILLNET EDINBURGH

### NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 March 2009

#### 17. PENSIONS

Skillnet Edinburgh participates in the Scottish Voluntary Sector Pension Scheme. The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The last formal valuation of the Scheme was performed at 30 September 2005. Preliminary results of the formal valuation as at 30 September 2008 have been calculated by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the 30 September 2008 was £45.1 million. The valuation revealed a shortfall of assets compared with the value of the liabilities of some £20.438 million (equivalent to a past service funding level of 68.8%).

During the accounting period Skillnet Edinburgh paid contributions at the rate of 12%. Member contributions during the year were 6%.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the Scheme, the profit and loss account charge for the period under FRS 17 represents the employer contribution payable.

#### Financial assumptions

The financial assumptions underlying the valuation were as follows:

	<b>% pa</b>
Investment return pre retirement	6.8
Investment return post retirement	4.6
Rate of salary increases	4.2 for 5 years the 4.7% p.a. thereafter
Rate of pension increases	
for pensionable service pre 6 April 2005	3.0
for pensionable service post 6 April 2005	2.3
Rate of price inflation	3.2

The long term joint contribution rates required from employers and members to meet the cost

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary 1/60 <sup>th</sup> accrual rate	20% comprising employer contributions of 12.5% and member contributions of 7.5%
Final salary 1/80 <sup>th</sup> accrual rate	15.3% comprising employer contributions of 9.3% and member contributions of 6.0%

of future benefit accrual were assessed at:

## SKILLNET EDINBURGH

### NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 March 2009

#### 17. PENSIONS (continued)

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall. In view of the past service shortfall it was agreed that the joint contribution rates shown in the table below would be payable with effect from 1 October 2007.

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary 1/60 <sup>th</sup> accrual rate	22.7% comprising employer contributions of 15.2% and member contributions of 7.5%
Final salary 1/80 <sup>th</sup> accrual rate	18.0% comprising employer contributions of 12.0% and member contributions of 6.0%

New employers joining the Scheme pay contributions at the ongoing joint future service contribution rate. This rate applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining.

New employers also pay an additional age loading if the average age of their members is higher than the average age of the Scheme membership. This loading applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining, or such earlier date as agreed between SVSPS Pensions Committee and the Scheme Actuary.

Employers that have closed the scheme to new entrants are required to pay an additional contribution loading to reflect the higher costs of a closed arrangement. This loading is based on actuarial advice and is subject to change from time to time. The loading is currently 3.5%.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit at the 2005 valuation, on an ongoing funding basis, by 31 March 2022.

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or the recovery plan are inappropriate. For example the regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).

The recovery plan from the 2008 valuation will be submitted to the Pensions Regulator in due course. The next full actuarial valuation will be carried out as at 30 September 2011.

## SKILLNET EDINBURGH

### NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 March 2009

#### 17. PENSIONS (continued)

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustees of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt of the Scheme as a whole is calculated by comparing the liabilities of the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

#### Contingent liability

The directors of Skillnet Edinburgh have been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Scheme as at 30 September 2008. As at this date the estimated employer debt for the charity was £291,000.