

Scripture Union Scotland

(Limited by Guarantee)

Report and Financial Statements

Year Ended 31 March 2011

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Charity Information

Scottish Charity Number SC011222

Company Registration Number SC054297

Registered Office 70 Milton Street
Cowcaddens
GLASGOW
G4 0HR

Trustees Robin Asbury
Gordon Brown
Rev James Dewar
Dr Beth Dickson
Dr Robin Easton
James Gladstone
Shoana Mackay
Neil MacLennan
Dr Alasdair Morrison
Linda Scott

Chief Executive Andrew Bathgate

Company Secretary Robin MacLellan

Auditors Mazars LLP, Chartered Accountants

Bankers The Royal Bank of Scotland plc
CAF Bank Ltd
Bank of Scotland plc

Solicitors Balfour + Manson LLP

Website www.suscotland.org.uk

Report of the Trustees

The Trustees have pleasure in presenting their report together with the audited accounts for the year ended 31 March 2011.

Structure, governance and management

Status of charity and governing document

Scripture Union Scotland (SU Scotland) is a Scottish charity (No. SC011222) constituted as a company limited by guarantee (No. SC054297) and governed by its Memorandum and Articles of Association. The company was incorporated on 22 October 1973. The trustees of the charity are the directors of the company for the purposes of company law.

Governance structure

Scripture Union is an international Christian movement which began in the UK in 1867 and which operates today in around 130 countries across the globe. In most of these countries Scripture Union operates as an autonomous, self-governing organisation, linked with other SU organisations through Scripture Union International. SU Scotland is one of four independent national Scripture Union organisations operating within Britain and Ireland.

The Board of Trustees of SU Scotland is responsible for the governance and oversight of the organisation's activities. Trustees are appointed to oversee the affairs of SU Scotland and to ensure that funds are used in accordance with the charity's objects as defined in its Memorandum & Articles of Association, and in line with the international Scripture Union '*Statement of Aims, Beliefs and Working Principles*'. As these principles reflect a Christian, Bible-based movement, trustees have a responsibility to work together to discern God's will for the direction and development of the organisation.

The Board meets six times a year. Sub-committees support the work of the organisation's 3 departments - Regional Ministries, Centres and Holidays and Support Services. A Board Nominations Committee makes recommendations to the Board for membership of the Board and its constituent committees. Each of these four committees comprises both Board and non-Board members and operates under specific terms of reference. Each has its decisions ratified by the full Board.

The executive management team comprises four executive officers - the CEO and three departmental directors - who are responsible together for both the operational management of the organisation and the achievement of strategic targets set by the Board. None of this executive team is a member of the Board.

In addition, members of the Board and Senior Management Team gain valuable consultation input from an informal Student Executive group which meets 3 times per year, members of which have first hand experience of SU Scotland's activities.

Appointment of Trustees

The responsibility for considering suitable candidates for the role of Trustee rests with the Nominations Committee. These Trustee positions are unpaid and the period of service is initially for five years. This may be extended for a further three years, after which the Trustee must stand down. Re-appointment is possible after the lapse of at least one year.

The Chair, Vice Chair and Honorary Treasurer are elected annually at the first meeting of the Board following the AGM and may serve for a period of five years after which they must stand down. Re-appointment is possible after a lapse of at least one year. Appointment to any of these positions will be additional to any term already undertaken as a Trustee.

There are comprehensive procedures in place for the induction of new Trustees. New appointees are provided with a detailed file of information covering topics such as the responsibilities of Trustees and the history, activities and operations of SU Scotland. They are also invited to observe first hand some of the work of the organisation. Trustees are offered regular refresher courses in the principles of effective governance.

Report of the Trustees

Risk management

Using a formal risk management process, the Trustees continue to assess and identify major risks, both external and internal, and have established systems and procedures to mitigate these risks.

Objectives and activities

Charitable objectives

The charity's objectives are enshrined in its Mission Statement which is:

“To help the children and young people of Scotland explore the Bible and respond to the significance of Jesus.”

SU Scotland's ministry focuses on contact with school-age children and young people. During term-time this takes place in and around the school environment and through curriculum-based residential activities. During holidays and weekends it is conducted through residential activities and also through working with churches in community-based mission events. Accordingly, in pursuit of its charitable objectives, SU Scotland is engaged throughout the year in the organisation of Christian holidays, weekends, missions and school groups for young people, together with training of Christian leaders and encouragement of Bible reading amongst young people. The organisation continues to pursue these objectives in partnership with Christian churches and other Christian agencies in Scotland.

Principal activities

The charity's principal areas of activity are:

- Schools-based ministry (known as 'Regional Ministries')
- Residential ministry – Holidays and Weekends
- Activity and Conference Centres

Schools

SU Scotland aims to undertake schools ministry through a large number of volunteers being supported and coordinated by a smaller number of Regional Workers. Work is organised over sixteen different regions across Scotland. Additional staff have a national remit covering Independent Schools, Urban Ministries, Missions and *ignite*, SU Scotland's youth website.

SU Scotland seeks to assist schools to fulfil their obligations under Religious Observance legislation and to do this within the developing context of 'Curriculum for Excellence'. Direct schools work is linked closely to extra-curricular activities, wider regional events, residentials and ongoing support of similar activities with churches.

SU Scotland runs an Associate Worker Scheme. Under this scheme, groups of churches form local charitable trusts to appoint Christian workers to work in the local schools and with children and young people in the churches. SU Scotland provides support in the form of line management and training for workers as well as HR/payroll services.

Holidays and Weekends

SU Scotland provides holidays and weekend breaks in a Christian environment at various locations around the country for approaching 4,000 children and young people every year. These events typically incorporate a broad range of activities ranging from gorge walking and skiing to the creative arts.

Events are staffed at levels that enable the befriending of the young people attending. Most Team Leaders and all but a few group leaders and catering staff are volunteers.

Report of the Trustees

Alongside this residential events programme, many SU missions take place each year in partnership with local churches. The strategic aim is to develop new mission partnerships whilst simultaneously handing over SU-led events to local leadership. Also during the summer, there are two seaside missions at Elie and Whiting Bay, focusing on sharing the good news of Jesus with holidaying children and families as well as local children and young people.

Activity and Conference Centres

SU Scotland runs two residential activity and conference centres - Lendrick Muir, near Kinross and Alltnacriche, near Aviemore. During school holiday periods these centres play host to SU Holidays and cater for around 60% of all the holiday places provided by SU Scotland each year.

Between 40 and 50 weekend breaks are organised by SU's Regional Workers each year and the majority of these are held at Alltnacriche and Lendrick Muir. The undertaking of a programme of weekend events on this scale is made possible only by SU Scotland operating these two centres. The centres are utilised at other times by a wide range of different groups, mostly church youth groups and organisers of national training events or discipleship conferences.

Finally, during the school term the excellent facilities at both centres make them ideal venues for residential events for school groups of various sizes. Under the banner of *Classroom Outdoors*, both centres host school residential experiences and non-residential workshops geared to fulfilling the aims of the Scottish Government's Curriculum for Excellence.

Achievements and performance

In August 2010, a new strategic plan for the period 2011-2015 was launched. This new strategy continues to focus on the two core values ('dependence upon God' and 'deepening relationships') and re-commits the organisation to faithful exploration of the Bible and to making disciples. Activities during the year were focused on achieving these objectives throughout the five main streams of work:

1. Schools;
2. Residentials;
3. Missions;
4. Equipping and training;
5. Online.

Some of the highlights achieved during 2010/2011 include:-

- ✓ Continual stories being heard of the difference that attending an SU Scotland event or group has made to the life of a child or young person;
- ✓ A further large increase in numbers of children attending educational activity breaks at our centres;
- ✓ The continuing warmth of welcome shown by the vast majority of schools to members of our Regional Ministries team and the encouragement of new SU groups being established in schools;
- ✓ Creation of a new prayer event for families entitled *Pray Any Way*;
- ✓ The contribution made by 2,000+ volunteers who served with SU Scotland during the year, amounting to over 200,000 hours' worth of service at events and leading groups;
- ✓ An appointment being made to the key role of Centre Director for the Lendrick Muir centre;
- ✓ Work commencing on the construction of essential housing for staff at the Alltnacriche centre.

Prayer Ministries

The role of SU Scotland's part-time Prayer Co-ordinator continues to be very significant in furthering prayer initiatives across the organisation and the delivery of specific projects during the year: -

Report of the Trustees

- **Schools Prayer Network** - the network changed its name during the year to 'Pray for Schools Scotland' to make a clearer link to sister movements in the rest of the UK. It continued to grow with around 45% of Scottish schools registered for prayer.
- **Back to School with God** – once again we provided high quality resources for churches in Scotland and elsewhere in the UK to hold a special commissioning service for children, teachers and others involved in local schools at the start of the academic year.
- **Strictly Come Praying** – this national youth prayer event was held for the fifth time attracting almost 500 young people and leaders to venues in Grangemouth and, for the first time, in Dundee.
- **Pray Any Way** – this new event created in the year was designed to get families praying together and attracted over 200 delegates.

Regional Ministries

- **School Engagement** – Our Regional Ministries team engaged with 720 schools across Scotland and the total number of assemblies delivered rose again for the fifth year, to 1,456 (+5%). Other than an additional part-time worker for Edinburgh schools, our staff team has remained constant during this period.
- **Associate Workers** - Whilst the total number of Associate Worker Schemes has remained constant during this year, new workers have been recruited in Larbert, Clydesdale and North East Fife.
- **SU Groups in Schools** - One of our key strategic targets was to double the number of schools with an SU group during 2005-2010. Figures for 2010 show that numbers of primary schools with a group remained constant in the past year; yet has shown a 40% increase over the 5-year period. Secondary school group numbers, declined marginally in the year (-2%), yet still show a 64% increase over the 5-year period. The numbers of pupils attending SU Groups remains constant at just over 6,300.
- **Christian Focus Weeks** - Other schools work included organising six Christian Focus Week events. This compares with the strategic target of facilitating ten such events per year.
- **Urban focus** – During the year the Urban Coordinator left the staff team, and recruitment to fill the post is ongoing. The aim of urban ministry is to increase activities engaging with children and young people from a deprived background to a level comparable with 'mainstream' activities. Within schools work this means aiming for SU groups in 12% of urban primary schools (currently 8%), and 32% of urban secondary schools (currently 27%).

Our main urban training event (*Beauty for Ashes*), held in both Dundee and Glasgow, suffered without the key staff worker to promote them, nevertheless 110 people who are working with children in urban areas attended.
- **Bible Alive** - preparations were made for taking over the operation of *Bible Alive* - a resource working within Curriculum for Excellence in Primary schools - from 1 April 2011.

Residential Ministries

- **SU Holidays** - The total number of pupils attending SU Holidays during the year was 2,011, a further drop of 8% compared to 2009/10. This trend continues to be a major concern, matching a wider pattern being seen by similar providers across the UK. Active efforts are being made to address this issue.

Feedback from those attending SU Holidays continues to be extremely positive, the vast majority of campers rating holidays either 'very good' or 'excellent', reflective also of a high calibre of leaders.
- **Weekends** – There were marginally fewer SU Scotland weekend events during the year (43 events) yet the number of pupils attending remained steady at around 1,700.
- **Activity and Conference Centres** - during 2010/11 we continued to see the positive impact of the considerable work done to improve the promotion of the centres as venues for term-time residential activity breaks. The number of children and young people attending these events increased again and the aim is to continue the upward trend.

Report of the Trustees

At **Lendrick Muir**, levels of activity remained high in all areas - weekend groups, holidays and midweek term-time work with schools. The total number of bednights achieved was just below 23,000, around 700 bednights up on budget and only slightly down on the previous year's total. What was particularly significant was the number of schools using the facilities on offer, with an encouraging position forecast for the coming year on the basis of forward bookings.

The diversity of offering has continued to attract school groups from nursery to older secondary, for short visits to longer stays. 200 pupils from nursery schools enjoyed a day visit, in addition to 1,296 primary school pupils and 382 pupils from secondary schools. The centre played host to 11 school groups participating in activity days, while 37 stayed for varying lengths of overnight residential experience.

A second phase of development of the centre's facilities was launched with an appeal to supporters in May 2010, which had raised well over £100,000 by the end of the financial year. This enabled the rewiring of most of the main building, some upgrade of shower facilities, the creation of a mini-lochan and the purchase of a mobile bungee trampoline. Fundraising events in the autumn of 2010 attracted nearly 200 to "Come Dine With Us" evenings, including many local people who were visiting the centre for the first time.

The appointment of Michael Cook as Centre Director took place after a longer than anticipated recruitment process. He commenced in his new role at the end of May 2011.

At **Alltnacriche**, there continues to be strong take up of schools residential breaks with over 500 pupils visiting during the course of the year. This represented 24 class groups from 18 schools.

Forward bookings for 2011 continue to be strong with all schools planning to return to the centre in 2011 or 2012. This allows us to build long term relationships with the schools and the teachers.

During the winter months, extensive refurbishment of the roof of the main building was completed without major water ingress or reduction in use of the centre facilities.

Significant progress has been made on the project to provide dedicated staff housing. Planning permission was granted in July 2010. With the tender process completed in January 2011, the Board approved the appointment of a contractor in February. Gifts from SU Scotland supporters and grants made by trusts in the current financial year amounted to £155,000. Construction work commenced in mid-March 2011, with an estimated project length of six months.

Other Ministries

- **Missions** – SU Scotland's programme of missions continues to grow with 29 events taking place in 2010 (4 years continuous growth, cumulatively +61%). Equally, the numbers of volunteers involved rose to 585, and the number of children and young people contacted grew to 1,805 (+19%). Again, as in previous years, SU Scotland is fulfilling its strategic aim of taking on new events whilst handing on events to local leadership once established.

- **Training and Discipleship** - SU Scotland's COMMISSION programme brings together discipleship of older pupils and training of young leaders. Key discipleship weekend events saw a further increase from 2009 (following recovery from poor 2008 figures) with 129 young people attending.

Figures for the number of young leaders being trained now include the *On Track* event for senior pupils from deprived backgrounds (in addition to existing Basecamp and LeadUp events). Numbers are roughly static from last year, with a total of 94 attending training events. Although these are still less than a peak of 124 in 2008, it is very encouraging to see large numbers being trained each year to be young leaders and then serving at SU events and in their own churches (547 trainees over the past 5-year period).

- **Ignite** – SU Scotland's youth ministry website was subjected to a thorough 3-year review. This revealed that although weekly logins had peaked at over 200 after the summer, this fell to around 100 regular members. However, an additional 100 to 200 visitors were coming to the site weekly. On average visitors spent 11 minutes on the site reading 8 pages. Membership rose to over 900 users, although many were not frequent. They posted 25,000 comments and have created over 500

Report of the Trustees

discussion topics. There is still disappointment that numbers of frequent members are not nearly as high as were wished for, and fresh proposals will be considered for 2012.

People Contributions - Volunteers and Staff

- **Volunteers** – Thousands of volunteers are involved each year in SU groups and events. SU Scotland is primarily a volunteer organisation, employing a relatively small number of full-time and part-time staff to plan and co-ordinate the work and to provide training.

Some 1,821 accredited volunteers gave freely of their time and resources to assist in the running of holidays, missions, and weekend events. During the course of the academic year 571 volunteers ran SU groups in schools. Other volunteers contributed by performing a wide range of practical and administrative tasks in different SU Scotland locations.

Volunteers continued to give a remarkable amount of time to the organisation during the course of the year, the overall total of 212,325 hours only slightly down on the previous year. SU Scotland runs a Gap Year programme with 2 people taking part in the programme during the year. They contributed an additional 3,680 hours of volunteer time, making a total of 216,005 volunteer hours overall.

New legislation, the Protection of Vulnerable Groups (Scotland) Act 2007, came into force during the year. This supersedes the Protection of Children (Scotland) Act, and introduces a membership scheme for all volunteers and staff working with children. Once fully activated, it is anticipated that the scheme will both enhance the protection provided for children, and also simplify the administrative procedures for SU volunteers.

A new short-term mission programme, COMMISSION, was introduced for the 2010 season. This built on the previous Training in Leadership and Leadership Development programmes, and incorporated the Basecamp and Lead Up training events. A key aim of the new programme is to challenge the upcoming generation of Christians in Scotland with the urgent need for mission among Scotland's children and young people.

The trustees wish to pay tribute to all our volunteers who gave of their time during the year in order that the work of SU Scotland might be able to take place.

- **Staff** - numbers remained steady with an average of 94 staff in post during the year, compared with an average of 96 during 2009/10.

SU Scotland staff worked diligently and to consistently high standards throughout the year. The trustees acknowledge with sincere thanks their enormous contribution.

Plans for future periods

Considerable levels of time, energy and consultation were invested in helping to shape a new strategic plan covering 2011-15. The new strategy is based around:

- **6 key aspirations for the children and young people of Scotland; that they will**

- Deepen their relationships
- Explore the Bible
- Respond to the significance of Jesus
- Pray
- Be equipped for service: involving review of our training programmes
- Be supported by more staff and volunteers

- **5 streams of work**

- Schools
- Residentials
- Missions
- Equipping and training
- Online

Report of the Trustees

• 4 key emphases running across all the streams

- Prioritising the disadvantaged
- Partnering the church
- Taking account of the family context
- Evaluating the effectiveness of our work.

In addition, areas which will be a particular focus include: -

• Church partnerships

- Developing stronger connections with local churches across Scotland through creation of a network of church representatives;
- A project to encourage local churches to support their local schools in prayer and other practical ways.

- **Lendrick Muir Development** – It is hoped that approaches to trusts and further fund-raising initiatives will allow further progress to be made, including the outstanding work on completion of the rewire of the main building, resurfacing of at least part of the only access road, completion of the mini-lochan and provision of infra-structure ready for use in 2012.

Financial review

Principal funding sources

SU Scotland's work is heavily dependent on donations from individual supporters, churches and grant-making bodies. The trustees are thankful to God for continual evidence of his faithful provision and express their deep gratitude to all supporters who gave sacrificially during the year and to the wide range of trusts and other funding bodies whose contributions helped make a substantial difference.

Results for the Year

As shown in the Statement of Financial Activities (SOFA) on page 13, there was a Net Deficit for the year of £94,251 (2010 – net income of £160,691).

Total income for the year was down 6% on 2010 at £2,940,976.

- Voluntary income (excluding legacies) rose by 10% to £1,591,993 (2010: £1,446,176), largely due to donations and grants for the Lendrick Muir Development Project (£105,346; 2010 : £30,374) and for the Alltnacriche Staff Housing project (£154,892; 2010: £27,328).
- General and Team Support donations fell slightly in the year due to one-off donations not meeting the prior year levels. Legacy income in 2010 had been exceptionally high at £489,641, this year's income of £135,298 being a more typical level.
- Donations to other Restricted Funds included the annual Holiday Sponsorship Appeal which continues to be well supported.
- Income from charitable activities - SU Holidays, centres turnover and weekends - rose by 2% year-on-year to £1,194,983 (2010: £1,172,444). Both centres increased their turnover from school residential breaks, recording combined growth of 11%.

Total expenditure for the year rose by 3% to £3,035,227 (2010: £2,959,143). Much of this increase was due to essential roof repairs at Alltnacriche (£48k). For a more detailed analysis of costs, see note 4.

Fixed assets

The changes in tangible fixed assets are shown in note 11 to the accounts. The main addition to fixed assets in the year was the commencement of the construction of staff housing at Alltnacriche (£68k).

Report of the Trustees

Funding was met in full from money raised by way of grants and donations from supporters and Trusts. The project is expected to be completed by October 2011.

Reserves

At the year-end, the General Fund balance stood at £166,683 (a decrease of £118,594).

It is the charity's aim to ensure that a balance is maintained of general unrestricted reserves held in cash which equates to between 3 and 6 months' worth of operating costs. At the year end, the combined balances of the relevant funds – i.e. the General Fund, the General Reserve and the Legacy Equalisation Reserve – represented 3.1 months' worth of operating costs (2010 – 4.6 months' worth). The Trustees are satisfied that this is an acceptable position, given the reserves held in restricted team support funds which could also be drawn on to meet these costs if required.

Funds in deficit

There were no funds in deficit at the year end.

Trustees and officers

The Trustees who served from 1 April 2010 to the date of this report were as follows:

Dr Alasdair Morrison (Chair)
Gordon Brown (Vice Chair)
Robin Asbury
Rev James Dewar (appointed 16 September 2010)
Dr Beth Dickson
Dr Robin Easton
James Gladstone
Shoana Mackay
Neil MacLennan
Linda Scott (Honorary Treasurer)
Linda Todd (retired 16 September 2010)

Executive officers were as follows:

Andrew Bathgate, Chief Executive
Robin MacLellan, Director of Support Services
Christine Murison, Director of Centres and Holidays
Philip Wray, Director of Regional Ministries

None of the executive officers are members of the SU Scotland Board.

Company Secretary

Robin MacLellan

Statement of Trustees' responsibilities

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the income or expenditure of the company for that period. In preparing those financial statements, the Trustees 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 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 company will continue in business.

Report of the Trustees

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

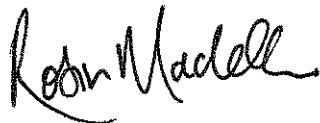
Statement as to disclosure of information to auditors

The Trustees have taken all the necessary steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. As far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware.

Auditors

A resolution to reappoint Mazars LLP as auditors will be proposed at the forthcoming annual general meeting.

By order of the Board



Robin MacLellan
Secretary

9 June 2011

Independent Auditors' Report to the members and trustees of Scripture Union Scotland

We have audited the financial statements of Scripture Union Scotland for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with 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). This report, including our opinion, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

We also report to you if, in our opinion, the charity has not kept adequate and 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 certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements 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 judgements 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.

Independent Auditors' Report to the members and trustees of Scripture Union Scotland

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2011 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 United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



Mazars LLP, Chartered Accountants (Statutory auditor)

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Robin Downie (Senior statutory auditor)

90 St Vincent Street

Glasgow

G2 5UB

9 June 2011

Statement of financial activities (including Income & Expenditure account)

for the year ended 31 March 2011

	Notes	Unrestricted		Restricted Funds £	2011 Total Funds £	2010 Total Funds £
		General Fund £	Designated Funds £			
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	2	473,624	139,928	1,113,739	1,727,291	1,935,817
Investment income		16,429	-	-	16,429	12,143
Incoming resources from charitable activities						
	3	974,174	26,574	194,235	1,194,983	1,172,444
Other incoming resources:						
Net gain / (loss) on sale of fixed assets		2,273	-	-	2,273	(570)
Total incoming resources		1,466,500	166,502	1,307,974	2,940,976	3,119,834
Resources expended						
Costs of generating funds	4	50,615	-	9,673	60,288	41,750
Charitable activities	4	2,885,264	22,316	57,595	2,965,175	2,908,480
Governance costs	4	9,764	-	-	9,764	8,913
Total resources expended		2,945,643	22,316	67,268	3,035,227	2,959,143
Net (expenditure) / income before transfers		(1,479,143)	144,186	1,240,706	(94,251)	160,691
Transfers						
Gross transfers between funds	8	1,360,549	(253,618)	(1,106,931)	-	-
Net movement in funds		(118,594)	(109,432)	133,775	(94,251)	160,691
Reconciliation of funds						
Total funds brought forward		285,277	4,986,317	539,359	5,810,953	5,650,262
Total funds carried forward		166,683	4,876,885	673,134	5,716,702	5,810,953

Balance sheet

at 31 March 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	11	4,335,234	4,301,652
		<u>4,335,234</u>	<u>4,301,652</u>
Current assets			
Stocks	13	3,495	3,492
Debtors	14	181,238	183,786
Cash at bank and in hand	15	1,786,826	1,818,725
		<u>1,971,559</u>	<u>2,006,003</u>
Creditors: amounts falling due within one year	16	(590,091)	(496,702)
Net current assets		<u>1,381,468</u>	<u>1,509,301</u>
Total assets less current liabilities		<u>5,716,702</u>	<u>5,810,953</u>
The funds of the charity:			
Unrestricted funds	18		
General Fund		166,683	285,277
Designated Funds:			
Capital Reserve (matching value of Fixed Assets)		4,335,234	4,301,652
General Reserve		200,000	200,000
Legacy Equalisation Reserve		253,393	403,807
Other		88,258	80,858
Total unrestricted funds		<u>5,043,568</u>	<u>5,271,594</u>
Restricted funds	19	673,134	539,359
Total funds		<u>5,716,702</u>	<u>5,810,953</u>

Approved by the board on 9 June 2011
and signed on its behalf by

Dr Alasdair Morrison



Chair

Linda M. Scott

Linda M Scott

Honorary Treasurer

Cash flow statement

for the year ended 31 March 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	9b	163,235	331,882
Returns on investment and servicing of finance			
Interest received		16,429	12,143
Capital expenditure and financial investment			
Purchase of tangible fixed assets	11	(213,836)	(80,603)
Receipts from sale of tangible fixed assets		2,273	1,210
Decrease / (increase) in cash and cash equivalents		<u>(31,899)</u>	<u>264,632</u>
 Reconciliation of net cash flow to movement in net debt			
Decrease / (increase) in cash in the period	21	(31,899)	264,632
Net funds brought forward		1,818,725	1,554,093
Net funds carried forward		<u>1,786,826</u>	<u>1,818,725</u>

Notes to the financial statements

at 31 March 2011

1. Accounting policies

a. *Basis of preparation*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts comply with the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" (March 2005).

b. *Incoming resources*

All incoming resources are included in the statement of financial activities on a receivable basis. The following specific policies are applied to particular categories of income:

Donations

Donations are included as voluntary income when received. Where donations are received to support an individual staff member or activity, they are allocated to Team Support. The value of donated services provided by volunteers is not included in the accounts.

Grant income

Grant income is recognised as voluntary income as soon as unconditional entitlement arises. Grants received to fund specified capital expenditure are included as restricted income. The income is transferred to the General Fund once the related capital expenditure has been incurred.

Legacies

Legacy gifts are typically recognised when received but will also be accrued where a legacy has been advised during the year that is of a known value and is due to be received within 6 months of the year-end. In order to smooth the impact on the General Fund of fluctuations in legacy amounts received from year to year, all income received through legacies is allocated to the General Fund over three financial years. In the year of receipt one third of the value of a legacy is credited to the General Fund. The balance is held in the Legacy Equalisation Reserve and is drawn down to zero over the course of the next two years, the income being credited to the General Fund in two equal annual amounts.

Alltnacriche and Lendrick Muir Activity & Conference Centres

These centres are run as self accounting units. Their income and expenditure is included in the Statement of Financial Activities. However, income does not include the value of internal usage for Scripture Union activities, e.g. SU holidays and weekends.

SU holidays income

Income from holiday fees and contributions is included in the accounts in the period when the holiday event takes place. Income received in advance of the event is shown in creditors.

Investment income

Investment income is included when receivable.

c. *Resources expended*

Expenditure is recognised on an accruals basis as a liability is incurred.

The allocation of expenditure between Direct costs and Support costs and between activities is made utilising our departmental reporting system on a basis that is designed to reflect the use of the resources. The allocation of direct and support costs is shown in Note 4.

Costs of generating funds

Costs of generating funds comprise costs incurred in support development and attracting voluntary income.

Charitable expenditure

Charitable expenditure includes costs incurred in the delivery of our charitable activities. It includes both costs that can be allocated directly to these activities and costs of an indirect nature necessary to support them.

Governance costs

Governance costs include costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs related to the strategic management of the organisation.

Notes to the financial statements

at 31 March 2011

1. Accounting policies (continued)

d. *Fixed Assets*

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions, generally those below £500, are not capitalised. The charge for depreciation is calculated to write off the fixed assets over their expected useful lives by equal annual instalments, as follows:

Buildings	2%	IT equipment	33%
Furniture and fittings	20%	Other equipment	20%
Motor vehicles	20%	Plant & machinery	10%

No depreciation is provided in respect of the value attributable to land.

e. *Stock*

Stocks have been valued at the lower of cost and net realisable value.

f. *Leases*

Rentals payable under operating leases are charged directly to the income and expenditure account as incurred.

g. *Funds*

The trustees have approved the allocation of the various fund accounts as restricted and designated fund accounts under the recommended guidelines of The Charities Statement of Recommended Practice (SORP 2005).

Funds for international SU & other bodies

Where unsolicited donations are received on behalf of international SU and other bodies, these are identified separately and excluded from the Income & Expenditure account as SU Scotland derives no benefit from these funds whatsoever.

Details of the movements in these funds is shown in Note 20.

Notes to the financial statements

at 31 March 2011

2. Voluntary income

	Unrestricted		Restricted Funds £	2011 Total Funds £	2010 Total Funds £
	General Fund £	Designated Funds £			
General donations	386,191	1,062	4,758	392,011	424,971
Team support donations	-	-	658,524	658,524	687,345
Other donations and grants	48,315	3,568	137,309	189,192	122,791
Alltnacriche Staff Housing appeal	-	-	154,892	154,892	27,328
Holiday sponsorship	-	-	158,256	158,256	147,581
Legacies	-	135,298	-	135,298	489,641
General appeal	39,118	-	-	39,118	36,160
	<u>473,624</u>	<u>139,928</u>	<u>1,113,739</u>	<u>1,727,291</u>	<u>1,935,817</u>

3. Incoming resources from charitable activities

	Unrestricted		Restricted Funds £	2011 Total Funds £	2010 Total Funds £
	General Fund £	Designated Funds £			
SU holidays & weekends income	499,170	26,574	125,415	651,159	652,547
Lendrick Muir (excl. SU holidays & weekends)	329,738	-	-	329,738	300,684
Alltnacriche (excl. SU holidays & weekends)	117,866	-	-	117,866	106,112
Other	27,400	-	68,820	96,220	113,101
	<u>974,174</u>	<u>26,574</u>	<u>194,235</u>	<u>1,194,983</u>	<u>1,172,444</u>

Notes to the financial statements

at 31 March 2011

4. Resources expended

	Charitable activities						2011 Total £	2010 Total £
	Generating funds £	Inter- national support £	Holidays £	Regional Ministries £	Centres - exc SU hols £	Governance £		
Costs directly allocated to activities								
Staff related costs	23,134	-	214,609	759,681	402,962	1,475	1,401,861	1,438,727
Holiday / programme related	-	-	228,886	57,794	71,086	-	357,766	386,473
Printing & communication	24,500	-	55,802	714	1,855	-	82,871	83,500
Property & equipment	-	-	12,220	29,131	222,652	-	264,003	172,283
Heat, Light & Power	-	-	5,206	5,922	71,510	-	82,638	68,763
Depreciation	-	-	5,809	12,287	138,646	-	156,742	154,644
IT, office & admin costs	3,399	-	19,358	44,436	26,845	1,472	95,510	92,739
Vehicle & transport	-	-	2,574	-	9,551	-	12,125	12,897
Professional fees	-	-	-	-	6,285	5,330	11,615	10,479
Bank charges	-	-	3,080	-	-	-	3,080	3,401
Irrecoverable VAT	93	-	-	13,426	33,994	-	47,513	-
International contributions	-	80,784	-	-	-	-	80,784	85,782
Support costs allocated to activities								
Staff related costs	6,501	-	69,361	115,587	121,199	1,054	313,702	289,815
Printing & communication	65	-	699	1,164	1,220	11	3,159	-
Property & equipment	466	-	4,971	8,284	8,687	76	22,484	22,221
Heat, Light & Power	165	-	1,756	2,927	3,069	27	7,944	8,534
Depreciation	487	-	5,199	8,663	9,084	79	23,512	23,959
IT, office & admin costs	991	-	10,580	17,633	18,488	161	47,853	52,796
Professional fees	36	-	387	645	677	6	1,751	5,412
Bank charges	129	-	1,376	2,293	2,404	21	6,223	6,557
Irrecoverable VAT	322	-	-	5,720	5,997	52	12,091	40,161
	<u>60,288</u>	<u>80,784</u>	<u>641,873</u>	<u>1,086,307</u>	<u>1,156,211</u>	<u>9,764</u>	<u>3,035,227</u>	<u>2,959,143</u>

Costs relating to a particular activity are allocated directly to that activity. Other costs are incurred which support all activities or enable the activities to take place. These costs are apportioned between activities in the same proportion as total direct expenditure has been incurred in undertaking these activities.

5. Salary costs

	2011 £	2010 £
Wages and salaries	1,353,208	1,370,161
Social security costs	96,481	95,248
Pension and other costs	93,003	86,565
	<u>1,542,692</u>	<u>1,551,974</u>

The average number of employees (full time and part time) was 94 (2010 - 96).
There were no employees who received remuneration over £40,000 in the period.

No trustees received any remuneration in either year.

Payments made to trustees for re-imburement of expenses	<u>1,051</u>	<u>435</u>
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Notes to the financial statements

at 31 March 2011

6. Staff pension scheme

The company operates a group personal pension (i.e. defined contribution) scheme for employees. Contributions are charged to the income and expenditure account as they are paid. There was £12,743 (2010 - £12,319) of contributions outstanding as at the balance sheet date. The assets of the scheme are held separately from those of the company in an independently administered fund.

7. Overseas projects

Overseas projects are supported as follows:-

	2011 £	2010 £
Contribution to SU International Council from unrestricted funds	76,273	74,895
Contributions to SU overseas projects from restricted funds	4,511	10,887
	<u>80,784</u>	<u>85,782</u>

8. Transfers

	Unrestricted		Restricted Funds £	2011 Total Funds £	2010 Total Funds £
	General Fund £	Designated Funds £			
Holiday sponsorship funds applied	148,178	-	(148,178)	-	-
Team support released to General Fund	953,644	-	(953,644)	-	-
Restricted & designated capital funds utilised	96,124	-	(96,124)	-	-
Decrease in value of Fixed Assets	(33,582)	33,582	-	-	-
Release from Legacy Equalisation Reserve in year	285,712	(285,712)	-	-	-
Transfer from General Fund to Allnacriche Staff Housing	(100,000)	-	100,000	-	-
Other miscellaneous transfers	10,473	(1,488)	(8,985)	-	-
	<u>1,360,549</u>	<u>(253,618)</u>	<u>(1,106,931)</u>	<u>-</u>	<u>-</u>

9. Net (expenditure) / income for the year

	2011 £	2010 £
a. Included in the net (expenditure) / income for the year are:		
Salary costs (Note 5)	1,542,692	1,551,974
Depreciation of owned tangible fixed assets	180,254	178,603
(Gain) / loss on disposal of fixed assets	(2,273)	570
Auditors' remuneration	5,300	5,490
Operating lease rentals	44,150	31,924
	<u>-</u>	<u>-</u>
b. Reconciliation of Net (expenditure) / income to operating cash flows:		
Net (expenditure) / income before transfers	(94,251)	160,691
Depreciation charges	180,254	178,603
Interest received	(16,429)	(12,143)
(Gain) / loss on disposal of fixed assets	(2,273)	570
(Increase) / decrease in stock	(3)	5,497
Decrease in debtors	2,548	57,757
Increase / (decrease) in creditors	93,389	(59,093)
Net cash inflow from operating activities	<u>163,235</u>	<u>331,882</u>

Notes to the financial statements

at 31 March 2011

10. Taxation

No provision for corporation tax is required as the company has been recognised as a charity by HM Revenue & Customs for the purposes of tax relief granted by Section 505 of the Income and Corporation Taxes Act 1988.

11. Tangible fixed assets

	Land and buildings £	Furniture and fittings £	Plant and Machinery £	Motor vehicles £	Equipment £	Total £
Cost						
At 31 March 2010	4,640,747	331,114	408,409	64,733	552,548	5,997,551
Additions	85,593	22,250	-	26,480	79,513	213,836
Disposals	-	-	-	(15,632)	(57,924)	(73,556)
At 31 March 2011	<u>4,726,340</u>	<u>353,364</u>	<u>408,409</u>	<u>75,581</u>	<u>574,137</u>	<u>6,137,831</u>
Depreciation						
At 31 March 2010	771,833	287,940	94,452	58,838	482,836	1,695,899
Charge for year	84,564	18,478	40,844	3,804	32,564	180,254
Disposals	-	-	-	(15,632)	(57,924)	(73,556)
At 31 March 2011	<u>856,397</u>	<u>306,418</u>	<u>135,296</u>	<u>47,010</u>	<u>457,476</u>	<u>1,802,597</u>
Net book value						
At 31 March 2011	<u>3,869,943</u>	<u>46,946</u>	<u>273,113</u>	<u>28,571</u>	<u>116,661</u>	<u>4,335,234</u>
At 31 March 2010	<u>3,868,914</u>	<u>43,174</u>	<u>313,957</u>	<u>5,895</u>	<u>69,712</u>	<u>4,301,652</u>

12. Subsidiary companies

Scripture Union Scotland holds 100% of the ordinary share capital of Scripture Union Outdoor Pursuits Limited which is registered in Scotland. The company was dormant throughout the year and has no assets or liabilities.

13. Stocks

	2011 £	2010 £
Goods for resale	<u>3,495</u>	<u>3,492</u>

Notes to the financial statements

at 31 March 2011

14. Debtors

	2011 £	2010 £
Tax recoverable (Gift Aid)	57,314	57,133
Holiday costs paid in advance relating to future season	10,718	29,838
Sundry prepayments	42,786	27,019
Other debtors	70,420	69,796
	<u>181,238</u>	<u>183,786</u>

15. Cash at bank and in hand

	2011 £	2010 £
Holidays and booking fees paid in advance and held in separate client accounts	231,382	238,963
Cash held on behalf of international SU and other bodies (see Note 20)	53,493	104,284
Cash held for other restricted funds	673,134	539,359
Cash held for unrestricted funds	828,817	936,119
	<u>1,786,826</u>	<u>1,818,725</u>

16. Creditors: amounts falling due within one year

	2011 £	2010 £
Holiday activities fees received in advance relating to future season	223,078	220,284
Trade creditors	216,632	57,271
Accrued charges and sundry creditors	19,812	30,644
VAT payable	862	7,181
Other taxes and social security costs	76,214	77,038
Funds for transfer to international SU and other bodies (see Note 20)	53,493	104,284
	<u>590,091</u>	<u>496,702</u>

Notes to the financial statements

at 31 March 2011

17. Leasing commitments

At 31 March 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2012.

	2011 £	2010 £
Land and Buildings		
Operating leases which expire:		
Between two and five years	8,000	8,000
Other Operating Leases		
Operating leases which expire:		
Within one year	-	740
Between two and five years	24,839	23,184
After more than five years	-	-

18. Unrestricted funds

	Balance at 1 April 2010 £	Incoming resources £	Resources expended £	Gains, Losses & Transfers £	Balance at 31 March 2011 £
General Fund	285,277	1,466,500	(2,945,643)	1,360,549	166,683
Funds designated by the Board:					
General Reserve	200,000	-	-	-	200,000
Legacy Equalisation Reserve	403,807	135,298	-	(285,712)	253,393
International Reserve	10,381	-	-	(1,488)	8,893
SU International Committee Fund	385	1,062	(511)	-	936
Other designated funds	70,092	30,142	(21,805)	-	78,429
Capital Reserve	4,301,652	-	-	33,582	4,335,234
Total designated funds	4,986,317	166,502	(22,316)	(253,618)	4,876,885
Total unrestricted funds	5,271,594	1,633,002	(2,967,959)	1,106,931	5,043,568

Explanation of funds

The General Fund encompasses all income and expenditure relating to the primary focus activities of the company.

The General Reserve represents a sum designated by the Board equating to almost two months' salary costs.

The Legacy Equalisation Reserve was created to recognise the impact of significant fluctuations in legacy income from year to year.

The International Reserve was set up with part of the proceeds of the sale of 9 Canal Street, Glasgow. The fund is to support Scripture Union work overseas.

The SU International Committee Fund was established to enable the SU International Committee to respond financially to overseas needs at their discretion.

The Capital Reserve represents the value of unrestricted funds tied up in fixed assets, which would not be readily convertible into cash.

Notes to the financial statements

at 31 March 2011

19. Restricted funds

	Balance at 1 April 2010 £	Incoming resources £	Resources expended £	Gains, Losses & Transfers £	Balance at 31 March 2011 £
Team Support	305,043	868,430	-	(953,644)	219,829
Holiday Sponsorship	66,036	158,256	(4,204)	(148,178)	71,910
International Funds	3,059	4,758	(4,511)	-	3,306
Lendrick Muir Development Fund	7,340	105,346	(50,367)	(28,504)	33,815
Alltnacriche Staff Housing Fund	151,723	154,892	(5,494)	32,380	333,501
Youthlink Funds	-	8,432	-	(7,162)	1,270
Miscellaneous restricted funds	6,158	7,860	(2,692)	(1,823)	9,503
Total restricted funds	<u>539,359</u>	<u>1,307,974</u>	<u>(67,268)</u>	<u>(1,106,931)</u>	<u>673,134</u>

Explanation of funds

The Team Support Fund represents income received from donors to fund the costs of specified regional work or particular employees' salaries and expenses.

The Holiday Sponsorship Fund is maintained to subsidise, where appropriate, the fees of children and leaders to enable them to attend Scripture Union Scotland's holidays programme.

The International Funds represent income generated and expenditure initiated for specific international SU projects by Scripture Union Scotland.

The Lendrick Muir Development Fund represents income and grants received with the related expenditure on a programme of developments at the centre.

The Alltnacriche Staff Housing Fund represents income received and costs expended to fund the construction and fitting out of Staff Housing at the centre. It is anticipated that the full fund balance will be spent in the coming financial year.

The Youthlink Funds represent grant income received to fund specific costs related to the training of young people & staff and the support of volunteers.

20. SU international and other funds

	As at 1 April 2010 £	Income received £	Payments / transfers £	As at 31 March 2011 £
Funds received on behalf of SU international organisations to which SU Scotland has no right or title	103,430	331,742	(381,679)	53,493
Funds received on behalf of UK organisations to which SU Scotland has no right or title	854	-	(854)	-
	<u>104,284</u>	<u>331,742</u>	<u>(382,533)</u>	<u>53,493</u>

Notes to the financial statements

at 31 March 2011

21. Analysis of cash equivalents

	As at 1 April 2010 £	Cash flow £	Other non-cash charges £	As at 31 March 2011 £
Cash at bank and in hand	1,818,725	(31,899)	-	1,786,826

22. Capital commitments

Capital expenditure contracted but not provided for in the financial statements

	2011 £	2010 £
Alltnacriche Staff Housing	236,095	-
Contacts Database	18,750	-
	<u>254,845</u>	<u>-</u>

The capital commitments as at 31st March 2011 were the contract to construct Staff Housing at Alltnacriche and the contract to develop, project manage and install a new Contacts Database for the organisation. Some expenditure has already been incurred for these projects and has been included in the accounts for 2010-11. It is anticipated that the balance of expenditure will be incurred by October 2011 for the Staff Housing and by August 2011 for the Contacts Database. The Staff Housing spend will be met out of the restricted funding raised for this purpose. These amounts will be included in the Statement of Financial Activities or as capital expenditure for 2011-12.

23. Composition of funds

	Fixed assets £	Current assets £	Current liabilities £	Total £
Unrestricted funds				
Capital reserve	4,335,234	-	-	4,335,234
Other designated funds	-	541,651	-	541,651
General funds	-	703,281	(536,598)	166,683
Cash held on behalf of international SU and other bodies	-	53,493	(53,493)	-
	<u>4,335,234</u>	<u>1,298,425</u>	<u>(590,091)</u>	<u>5,043,568</u>
Restricted funds	-	673,134	-	673,134
Net assets	<u>4,335,234</u>	<u>1,971,559</u>	<u>(590,091)</u>	<u>5,716,702</u>