

Company registration number SC294227 (Scotland)

**SOCIAL ENTERPRISE SCOTLAND**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# SOCIAL ENTERPRISE SCOTLAND

## COMPANY INFORMATION

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**Directors**

R.A.G. Stobart  
A Watt  
N McLean  
K Daly  
C Murdoch  
I Mosota  
M Mills  
Mr D Westwater

(Appointed 25 January 2023)

**Secretary**

C Martin

**Company number**

SC294227

**Registered office**

Thorn House  
5 Rose Street  
Edinburgh  
EH2 2PR

**Accountants**

Thomson Cooper  
3 Castle Court  
Carnegie Campus  
Dunfermline  
Fife  
KY11 8PB

# SOCIAL ENTERPRISE SCOTLAND

## CONTENTS

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	<b>Page</b>
Directors' report	1 - 2
Accountants' report	3
Income and expenditure account	4
Balance sheet	5
Notes to the financial statements	6 - 9

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# SOCIAL ENTERPRISE SCOTLAND

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present their annual report and financial statements for the year ended 31 March 2023.

#### Principal activities

##### Our Vision

To build a thriving economy where people and planet come first.

##### Our Mission

To promote and strengthen social enterprise in Scotland and be the go-to place for organisations to collaborate, partner and invest with social enterprises.

##### Our Goals

- Representation, communications, and engagement: We will work to support our members to be connected and heard.
- Policy development and research: We will work with members and partners to influence and shape the policy environment and provide a robust evidence base on the impact of social enterprise.
- Developing markets and working with partners: We will work with partners to unlock markets to develop opportunities, skillsets, and capacity for social enterprises to flourish.

##### Our Enabling Factors

- Financial sustainability: We will be a sustainable, well-managed organisation;
- Good governance: We will have a governance structure fit for purpose;
- Positive team culture: A well-resourced, skilled, motivated, and happy team;
- Strong partnerships: With a diverse range of collaborators; and
- Modelling best practice: A 'net positive' ambition and leader in innovation.

Here are some of our key outputs from 2022-2023:

The year 2022-2023 was the third year of the global Covid pandemic and businesses everywhere were struggling to cope with the new realities. Social enterprises in Scotland and beyond had adapted to the new circumstances, but by the third year of the pandemic, the sheer exhaustion brought about by constant change was causing problems at all levels. However, the sector worked on, delivering services to its communities despite the daily problems of trading, burned-out staff and lack of cash.

Social Enterprise Scotland was no exception. Staff worked from home, offices were empty, and retaining motivation required far greater effort. Despite that, Social Enterprise Scotland saw its turnover rise by £295K due to the increase in core and project funding from the Scottish Government, but like every other business, our costs rose significantly, partly through inflation, but also through the additional costs incurred when we were successful in our bid to become the Scottish Government's sole representative of the sector, the Single Enhanced Intermediary.

The required increase in staff raised our wage bill and additional costs by £166K, and the additional professional advice and support that we required while making our bid for the Single Intermediary cost an additional £85K. Despite the upheavals of Covid and the bid to be Scotland's Single Enhanced Intermediary, Social Enterprise Scotland continued to deliver its core purpose. We engaged with 62,245 people on Social Media, our website views and users both rose by 30%, 310 prospective candidates in the May elections signed the Social Economy Pledge and our Awards ceremony at Holyrood not only had 200 in-person attendees, but was watched by a further 100 online. We also delivered some very successful online sessions such as the notable one on Rural Employability which attracted 72 registered participants. Prior to Covid, these figures would have been impossible to achieve, and we should recognise that the Covid years have forced us all to change the way that we deliver our service, and some of that change has been positive. We can say that Social Enterprise Scotland's delivery is now hybrid, online and face to face.

# SOCIAL ENTERPRISE SCOTLAND

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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We hosted a series of Community Conversations across the country engaging with grassroots social enterprises, SENs and TSIs to shape and inform our new Member Value Proposition. We have taken on the Secretariat for the SEN Managers group which will ensure that we are connected nationally with challenges and opportunities facing the social enterprise community. We have connected with rural partners including the Rural SE Hub and SEN, Impact Hub Inverness and Scottish Rural Action; this has included delivering some rural focussed online sessions.

We are working in partnership with Creative Entrepreneurs Club to support the new Creative Industries Social Enterprise Group that already has more than 100 members engaged.

We continue to grow, with 108 new members being onboarded, and we continue to influence through the actions of our policy team who launched our new Universities and Social Enterprise Forum, submitted a strong response to the Community Wealth Building consultation, and hosted the national policy forum and the Cross Party Group in the Scottish Parliament.

Our connections with the commercial sector saw us developing our relationships with organisations as diverse as Glasgow Caledonian University, The Robertson Group, Morrison Construction, Crieff Hydro, PwC and Gleneagles, and as the Covid restrictions at last began to ease and allow us to travel, our staff members were again able to visit social enterprise events from Ayr to Aberdeen. Towards the end of the year, our CEO was absent due to ill health for a period of time, and that had implications for the workload of others in the organisation. We enter 2023-24 with the hope that Covid is finally behind us and a more stable future lies ahead.

#### Directors

The company is limited by guarantee, and therefore no director's have any interests in the company.

R.A.G. Stobart

A Watt

S Sinclair

(Resigned 2 November 2022)

N McLean

K Daly

C Murdoch

I Mosota

M Mills

Mr D Westwater

(Appointed 25 January 2023)

#### Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



R.A.G. Stobart

**Director**

26 June 2023

## **SOCIAL ENTERPRISE SCOTLAND**

### **REPORT TO THE DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY ACCOUNTS OF SOCIAL ENTERPRISE SCOTLAND**

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In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Social Enterprise Scotland for the year ended 31 March 2023 set out on pages 4 to 9 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the ICAS we are subject to its ethical and other professional requirements which are detailed at <https://icas.com/icas-framework-preparation-of-accounts>.

This report is made solely to the Board of Directors of Social Enterprise Scotland, as a body, in accordance with the terms of our engagement letter dated 12 May 2017. Our work has been undertaken solely to prepare for your approval the financial statements of Social Enterprise Scotland and state those matters that we have agreed to state to the Board of Directors of Social Enterprise Scotland, as a body, in this report in accordance with the requirements of the Institute of Chartered Accountants of Scotland as detailed at <http://www.icas.org.uk/accountspreparationguidance>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Social Enterprise Scotland and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Social Enterprise Scotland has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and deficit of Social Enterprise Scotland. You consider that Social Enterprise Scotland is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Social Enterprise Scotland. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



**Thomson Cooper**

**Accountants**

26 June 2023

3 Castle Court  
Carnegie Campus  
Dunfermline  
Fife  
KY11 8PB

**SOCIAL ENTERPRISE SCOTLAND****INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2023**

	<b>2023</b> £	<b>2022</b> £
<b>Income</b>	657,553	361,906
Cost of sales	(48,497)	(77,872)
	<hr/>	<hr/>
<b>Gross surplus</b>	609,056	284,034
Administrative expenses	(614,861)	(270,112)
Other operating income	-	5,000
	<hr/>	<hr/>
<b>Operating (deficit)/surplus</b>	(5,805)	18,922
Interest receivable and similar income	1,091	89
	<hr/>	<hr/>
<b>(Deficit)/surplus before taxation</b>	(4,714)	19,011
Tax on (deficit)/surplus	274	98
	<hr/>	<hr/>
<b>(Deficit)/surplus for the financial year</b>	<u>(4,440)</u>	<u>19,109</u>

# SOCIAL ENTERPRISE SCOTLAND

## BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	3		8,458		1,823
Investments	4		-		1
			<u>8,458</u>		<u>1,824</u>
<b>Current assets</b>					
Debtors	5	8,007		1,203	
Cash at bank and in hand		188,709		191,372	
		<u>196,716</u>		<u>192,575</u>	
<b>Creditors: amounts falling due within one year</b>	6	(28,138)		(12,649)	
<b>Net current assets</b>			<u>168,578</u>		<u>179,926</u>
<b>Total assets less current liabilities</b>			<u>177,036</u>		<u>181,750</u>
<b>Provisions for liabilities</b>			-		(274)
<b>Net assets</b>			<u><u>177,036</u></u>		<u><u>181,476</u></u>
<b>Reserves</b>					
Income and expenditure account			<u>177,036</u>		<u>181,476</u>
<b>Members' funds</b>			<u><u>177,036</u></u>		<u><u>181,476</u></u>

For the financial year ended 31 March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the board of directors and authorised for issue on 26 June 2023 and are signed on its behalf by:



R.A.G. Stobart  
Director

Company Registration No. SC294227



# SOCIAL ENTERPRISE SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

##### Company information

Social Enterprise Scotland is a private company limited by guarantee incorporated in Scotland. The registered office is Thorn House, 5 Rose Street, Edinburgh, EH2 2PR.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Income and expenditure

Turnover represents amounts receivable from grant funding, membership subscriptions, projects, and proceeds from events. All amounts are recognised when receivable and takes account of any amounts requiring to be deferred.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25% on reducing balance basis
Fixtures, fittings & equipment	25% on reducing balance basis

#### 1.5 Fixed asset investments

The profits and losses, assets and liabilities of associated companies and joint ventures are recorded in the Financial Statements using the Equity method, except where the investments are classified as held for sale.

Fixed asset investments, including jointly controlled entities, are initially measured at transaction price excluding transaction costs and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

If the company's share of losses in a joint venture equals or exceeds its investment in the joint venture, the company does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture.

# SOCIAL ENTERPRISE SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies (Continued)

##### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

##### 1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received, where considered material.

##### 1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### 1.11 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# SOCIAL ENTERPRISE SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies (Continued)

#### 1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Total	8	6

### 3 Tangible fixed assets

	Plant and machinery etc £
<b>Cost</b>	
At 1 April 2022	13,160
Additions	9,455
At 31 March 2023	22,615
<b>Depreciation and impairment</b>	
At 1 April 2022	11,337
Depreciation charged in the year	2,820
At 31 March 2023	14,157
<b>Carrying amount</b>	
At 31 March 2023	8,458
At 31 March 2022	1,823

### 4 Fixed asset investments

	2023 £	2022 £
Shares in group undertakings and participating interests	-	1

# SOCIAL ENTERPRISE SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

<b>5 Debtors</b>	<b>2023</b>	<b>2022</b>
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	5,275	300
Corporation tax recoverable	232	232
Other debtors	2,500	671
	<u>8,007</u>	<u>1,203</u>

<b>6 Creditors: amounts falling due within one year</b>	<b>2023</b>	<b>2022</b>
	£	£
Trade creditors	777	1,328
Corporation tax	-	17
Other taxation and social security	15,093	5,820
Other creditors	12,268	5,484
	<u>28,138</u>	<u>12,649</u>

### 7 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

### 8 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

<b>2023</b>	<b>2022</b>
£	£
<u>26,276</u>	<u>39,414</u>

**SOCIAL ENTERPRISE SCOTLAND**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# SOCIAL ENTERPRISE SCOTLAND

## DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	2023		2022	
	£	£	£	£
<b>Income</b>				
Scottish Government (Core Funding)		342,700		117,700
Memberships		16,338		28,085
Associates		32,115		35,704
Other income		20,000		30,417
Scottish Government (Project Funding)		246,400		150,000
		<u>657,553</u>		<u>361,906</u>
<b>Cost of sales</b>		(48,497)		(77,872)
		<u>609,056</u>		<u>284,034</u>
<b>Gross surplus</b>	92.62%		78.48%	
<b>Other operating income</b>				
Government grants receivable and released		-		5,000
<b>Administrative expenses</b>		(614,861)		(270,112)
		<u>(5,805)</u>		<u>18,922</u>
<b>Operating (deficit)/surplus</b>				
<b>Interest receivable and similar income</b>				
Bank interest received	1,091		89	
		<u>1,091</u>		<u>89</u>
<b>(Deficit)/surplus before taxation</b>	0.72%	<u>(4,714)</u>	5.25%	<u>19,011</u>

# SOCIAL ENTERPRISE SCOTLAND

## SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT

### FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
<b>Cost of sales</b>		
<i>Purchases and other direct costs</i>		
Buy Social Scotland costs	38,249	51,051
Corporate challenge costs	10,248	26,821
	<hr/>	<hr/>
Total purchases and other direct costs	48,497	77,872
	<hr/>	<hr/>
Total cost of sales	48,497	77,872
	<hr/> <hr/>	<hr/> <hr/>
<b>Administrative expenses</b>		
Wages and salaries	298,201	158,925
Social security costs	27,545	12,841
Subcontractor costs	-	7,383
Staff pension costs	25,678	14,787
Rent	13,122	12,081
Events overheads	26,490	6,968
Places scheme	-	2,240
Insurance	761	670
Website and computer costs	20,400	9,698
Travel and subsistence	16,291	778
SEI transition costs	85,567	10,672
Subscriptions and memberships	155	659
Legal and professional fees	26,289	10,775
Accountancy	6,275	4,099
Bank charges	281	325
Publications and marketing	13,485	2,237
Telephone and internet	2,169	2,527
Entertaining	708	177
Sundry expenses	2,793	689
Board expenses	21,707	41
Irrecoverable VAT	24,124	10,932
Depreciation	2,820	608
	<hr/>	<hr/>
	614,861	270,112
	<hr/> <hr/>	<hr/> <hr/>