

COMPANY NO: SC087515

CHARITY NO: SC010036

COMMUNITY ENTERPRISE IN SCOTLAND

(A company limited by guarantee)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

COMMUNITY ENTERPRISE IN SCOTLAND
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name: Community Enterprise in Scotland

Principal Office: 5 Dava Street
Govan
G51 2JA

Charity Number: SC010036

Company Number: SC087515

Trustees: Maureen Porch (Chair)
Iain McCall (Treasurer)
Marian Gardiner
Lynn McCulloch
Ian Mitchell (Resigned 10/05/2021)
Hugh Logan (resigned 20/10/21)
Linda Andrews
Darah Zahran
Paul Bott
Lisa Branter
Lynn Waddell
Richard Rollison (Resigned 11/03/2021)
Rose Cawood
Oonagh Gil (Appointed 25/06/2021)

Secretary: Fiona McClune

Senior Management: Martin Avila (CEO)
Anne-Marie Allan (Operations Manager until 20 November 2020)
Gemma Gillespie (Finance and Corporate Services Manager until 18 December 2020)
James Finnie (Team Lead New Business Development from 8 June 2020)
Roddy Stewart (Team Lead Enterprise and Communities from 11 June 2020)
Stephen Hamill (General Manager, CEIS Ayrshire)
Stuart Yuill (Executive Director, DSL)

Independent Auditors: Wylie & Bisset (Audit) Limited
168 Bath Street
G2 4TP

Bankers: Bank of Scotland
Glasgow Argyle St Branch
PO Box 1000
BX2 1LB

RBS
Glasgow Parkhead Branch
1304 Duke St
G31 5PZ

COMMUNITY ENTERPRISE IN SCOTLAND
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REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

REFERENCE AND ADMINISTRATIVE INFORMATION (continued)

Solicitors:

MacRoberts LLP
Capella
60 York Street
Glasgow
G2 8JX

COMMUNITY ENTERPRISE IN SCOTLAND (A company limited by guarantee)

Report of the Trustees for the year ended 31 March 2021

The Trustees present their annual report and financial statements of the charity for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's memorandum and articles of association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) published on 16 July 2014.

The legal and administrative information on pages 1 and 2 forms part of this report.

1 Performance and Impact

2020/21 represented a challenging but successful year for CEIS and our subsidiaries. It was, as it was for many, defined by the challenges related to the COVID-19.

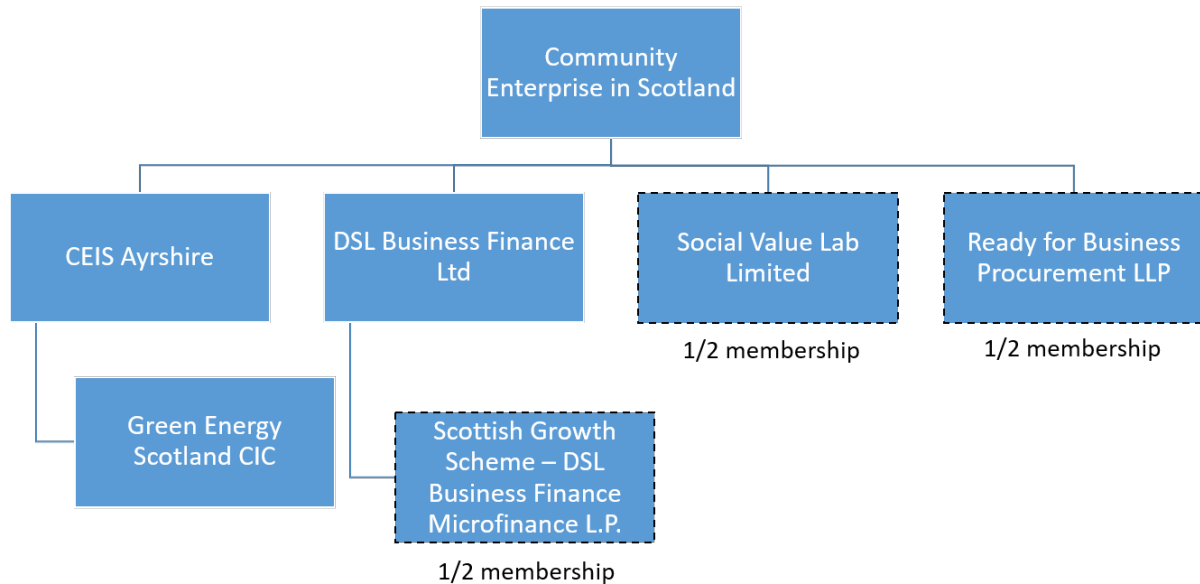
During the year the aims of the group were:

- Ensure quality delivery of our existing contracts
- Explore new business development opportunities
- Build & maintain key relationships
- Establish new partnerships and collaborative ventures
- Secure renewal of all major contracts in CEIS, DSL and CEIS Ayrshire

The CEIS group structure allows mitigation of risk to charitable assets from trading, provides the ability to attract investment, tax efficiency and the ability to have a Board of directors with specialist skills and expertise. This includes business finance knowledge in DSL, the ability to have a "local" company operating employability services in Ayrshire, and the requirement to work as equal partners in Ready for Business and Social Value Lab.

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Report of the Trustees for the year ended 31 March 2021



The CEIS Vision, Mission and Values are central to our operation and are highly visible in our premises, promotional materials and internal staff and board interfaces.

CEIS VISION

We will make Scotland a better place to live and work with a more inclusive economy

CEIS MISSION

To tackle inequality, strengthen communities and improve the performance and impact of businesses, which contribute to our society.

The organisation has continued to track its social impact using a key performance indicator system. Figures are reviewed by managers and each Board within the group, and reported to staff on a quarterly basis, ensuring that all are aware of the impact of each part of the group. At the end of the year 9 main areas of impact are reported and disseminated widely.

For 2020/21 these were:

- 1,253 Scottish businesses and social enterprises supported, up from 2019/20 (1,092) and 2018/19 (1,118)
- 2,500 individuals received skills and training development from across the group, an increase of 287 from 19/20
- 1,025.5 jobs maintained in Scottish businesses, up from 951 in 19/20
- 95% customer satisfaction with CEIS services

COMMUNITY ENTERPRISE IN SCOTLAND **(A company limited by guarantee)**

Report of the Trustees for the year ended 31 March 2021

- 5,246 individuals with advice, guidance, skills and training as well as other much needed engagement through remote and online support, an increase of 330% on the annual target of 1,589.
- 471.5 supported into employment, down from 572 in 19/20. This was positive in a period of lockdown where employers were reluctant to recruit and restrictions were in place.
- 523 attendees at CEIS Events which is a decrease on 1,320 attending in 19/20 but reflects the challenging environment around events
- 84% percent of discretionary spend was with third sector suppliers, slightly up from the previous year (78%)
- £5.6 million loaned to Scottish SMEs by DSL Business Finance Ltd reflects an increase of 20% on the prior year and the continued growth in capacity and performance of DSL Business Finance. This is the highest sum disbursed by DSL in a financial year.
- 32 social enterprises engaged by the International Social Enterprise Observatory (ISEO) and £125,000 of investment secured for international social enterprises

The year 2020/21 has been exceptional in many ways. CEIS and its subsidiaries strongly performed in the face of unprecedented challenges, with increases in the majority of key performance indicators.

In some areas such as business lending, skills and training, there has been a substantial increase over the performance of the previous year.

The organisation is particularly pleased with very high outputs in customer satisfaction as the group relies on the professionalism of its teams to meet its objectives, satisfy contract requirements and maintain its reputation.

During the year, the performance of CEIS Group involved delivery of a wide range of activities, these include:

CEIS has continued to be a prominent and strategic player within the Social Enterprise ecosystem and has continued to push innovation and partnership and collaboration in how we deliver our business.

Enterprise and Communities, secured and delivered a range of business support services aimed at supporting new and strengthening existing social enterprises - building a strong sector within Scotland capable of trading locally, nationally and internationally. CEIS continued to lead the Just Enterprise consortium delivering a 4 year contract for national business support for social enterprises running until May 2023. CEIS also delivered COVID 19 resilience and recovery support to organisations under new grant arrangements with Scottish Government and secured ongoing funding from Glasgow City Council under the Glasgow Communities Fund to provide business support to third sector organisations in the city until March 2023. This year also saw CEIS secure funding to explore a range of areas linked to Social Innovation. These will be taken forward and piloted in 2021/22.

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Report of the Trustees for the year ended 31 March 2021

CEIS Events Team: March 2020 – April 2021 was a testing time for CEIS Events, undergoing an initial period of furlough like many in the industry. However, CEIS Events quickly adapted their approach to adopt digital methods of delivery, including:

- CEIS Events were the first in the sector to host our annual event, Social Enterprise Policy & Practice Conference 2020, fully digitally which saw the highest number of registrations for the event to date, 320. 180 accessed the event live with content being available in the public domain thereafter. A total of 140 social enterprises and 74 charity/b-corps/third sector attendees registered.
- CEIS Events continued to provide Secretariat support to the Social Enterprise World Forum. Over 5,000 global delegates registered for the event. The live event was attended by 2,800 delegates from 120 Countries including global government officials, social enterprise leaders, practitioners, investment agencies and academics participating in 98 sessions and 120 hours of networking.
- CEIS Events provided complete event management services for the Centre for Local Economic Strategies (CLES) digital annual summit in November 2020. Originally planned to be held as an in-person event in London in June 2020, CEIS Events worked with CLES to deliver the event full online.

International:

- International business was heavily impacted by the pandemic lockdown measures as business travel into and from Scotland shut down for most of the year. This led to cutback in activities of many international social enterprises and very little new business development.
- CEIS focused on maximising the activities within the International Social Enterprise Observatory and converting business development activities to assisting international social enterprises in Scotland to mitigate the trading impacts of Brexit and COVID-19. A new small grants fund was introduced to support international social enterprises with business development and this was managed by CEIS. In the year international clients received business support and £50,000 was secured and allocated by the small grants fund.
- The downturn in international development and consulting activity corresponded with an increase in demand from CEIS client, Social Enterprise World Forum and three CEIS team members were engaged to provide support as SEWF moved to digital event hosting.

DSL Business Finance Limited through the Scottish Growth Scheme and other sources of business lending has supported the competitiveness and survival of micro businesses and social enterprises in Scotland by providing access to loan funds on affordable terms. DSL increased its lending by £1.1m in the last year (£4.5m to £5.6m) and created 130 jobs while supporting retention of 1,026 jobs. DSL is a critical part of the Scottish business finance infrastructure.

CEIS Ayrshire was established with the principal aim to tackle inequality, strengthen communities and improve the economy in Ayrshire through the provision of employability support and skills development. In this financial year CEIS Ayrshire supported 342 people

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Report of the Trustees for the year ended 31 March 2021

into employment and provided training and skills development to a further 1,597 people as well as supporting 657 local businesses.

2 Financial Review

Operationally the group experienced significant challenges in year ended March 2021 due to the COVID pandemic. The ability of the group to respond and adapt to COVID restrictions enabled a significant proportion of operations to continue albeit in a modified format, or to adapt operationally to provide COVID related services as funding became available through initiatives such as the Adapt and Thrive programme.

Longer-term funded projects such as Just Enterprise, Investing in Communities (CEIS), and North Ayrshire Council (CEIS Ayrshire), provided a stable financial foundation both in the year ended March 2021 and in budgeting the year ahead. All entities across the group continue to seek new opportunities such as Digital Development Loans (DSL), Adapt and Thrive (CEIS), and the development of new products such as the Train Me initiative within CEIS Ayrshire. The government's COVID Job Retention Scheme (Furlough) was also utilised as appropriate through the year.

Financially this resulted in small net operating deficit of £4k. Balance sheets have remained steady and cash has remained strong across the group.

In recognition of the continued uncertainty that COVID-19 brings, a conservative approach was taken with regards future financial forecasting. Overall, the group predict a small surplus for the future year.

Reserves

The Board has agreed that it should seek to maintain working reserves of between three and six months of its annual core operating costs and other liabilities such as staff redundancy costs, notice costs and other binding financial and legal obligations. Based on the current level of spending this would equate to between £270k and £540k (CEIS Ayrshire) and between £262k and £540k (CEIS). The total unrestricted funds at 31 March 2021 total £393k (Ayrshire) and £380k (CEIS).

CEIS Ayrshire hold £270k in designated funds as contingency running costs of three months. A designated fund of £70k has been created for possible future redundancies in the event that key funding contracts end without an equivalent replacement project that results in workforce reductions. The balance of £53k is free cashflow to fund unexpected expenditure or, with Board approval, be available to be used strategically by the organisation.

As at 31 March 2021 CEIS hold £262k in designated funds being approximately three months normally operating costs. Separately, £60k is designated to fund any future scenario where significant loss of funding results in redundancy costs. The remaining £58k would fund unanticipated expenditure or, with Board approval, be available to develop the organisation strategically.

The CEIS Board believes that this is necessary to protect the organisation from the risk that it will become liable to occasional operational contingencies for which no provision is normally made within the annual budget. The levels of designated funds will be reviewed annually to ensure they reflect the current organisational structure.

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Report of the Trustees for the year ended 31 March 2021

3 Plans for future periods

Group Strategic Priorities

The following Group priorities have been identified for 2021/22

- Recruit replacement CEO for outgoing Group CEO Ian Mitchell
- Secure an extension year to the Just Enterprise contract
- Deliver COVID-19 recovery funds on behalf of Scottish Government
- Complete lending phases of the Scottish Growth Scheme

These will be reviewed regularly by the senior management team and the Board.

Enterprise and Communities Team

- Adapting the Just Enterprise contract and delivering in a flexible manner to respond to recovery from the COVID-19 crisis.
- Delivering capacity building support through partnership with Glasgow City Council & GCVS under the Glasgow Communities Fund
- Delivery of the new Glasgow Social Enterprise Accelerator
- Piloting a number of areas linked to Social Innovation
- Expanding SEI throughout Scotland and the UK on an incremental basis
- Redesigning programmes and redeploying resources to enable digital delivery of support to our clients
- Identifying the sector's net zero support needs and developing appropriate programmes
- Diversifying income streams

CEIS Events

- Support a social innovation online event programme as part of a pilot project funded by the Scottish Government to raise awareness of the support and potential funding opportunities and engage the Third Sector who have an innovative idea that positively impacts society or the environment. This will be conducted in partnership with Interface – the knowledge exchange for business.
- Provide project admin support to the International Social Enterprise Observatory including managing business support inquiries for those affected by Covid, Brexit or who wish to trade internationally; and management of a small bursary fund to support organisations with legal fees, marketing content production and digital platform development associated with impacts of Covid, Brexit and international expansion. CEIS Events will also manage an anticipated online event in Jan – Mar 2022.
- Hire a Digital Communications and Engagement Officer to support group-wide communication.

International

- Due to the continued restrictions on international activity, the focus for the year ahead will be on the International Social Enterprise Observatory and the International Director remit and hours have been reduced to reflect the lack of market opportunity.

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Report of the Trustees for the year ended 31 March 2021

CEIS Ayrshire

In the wake of the current Covid-19 crisis the future of the sector is still unclear and funding to provide services will be challenging for the contracts that rely on outcome based, face to face delivery, but we will ensure we have an agile contingency and continuity plan to ensure we deliver services and secure the funding to do so.

- Our Business Services and Development team will build on the current relationships to develop training opportunities.
- As a registered Kickstart Gateway Organisation, we are pushing ahead with supporting employers, DWP and local residents to fill these vacancies, delivering in work support and workforce development opportunities to ensure employees sustain and thrive whilst in employment.
- As an organisation and employer tied to Ayrshire by history and by mission, with well-established local relationships, we support and share Community Wealth Building goals.
- Our own mission and services are aligned to improving collective wellbeing and creating a strong, resilient, and inclusive local and regional economy which shows our commitment to embedding the Community Wealth Building principles and the pillar objectives.
- This current economic situation means our services are needed more than ever. To support local residents and local employers we are increasing our business support services in the form of consultancy, recruitment, skills and training, workforce development, support staff and trainees.

DSL Business Finance Ltd

DSL will continue to develop and promote itself in the Scottish market in the year to 31st March 2022 with the principal areas of focus being:

- To continue to support existing clients through the ongoing impact of COVID-19;
- To conclude the Investment phase of the Microfinance part of the Scottish Growth Scheme contract that is in place with Scottish Government.
- To continue the successful delivery of the Digital Development Loan project in collaboration with Lanarkshire Enterprise Services Ltd;
- To attract additional affordable capital to enable DSL to maintain and grow the provision of loan support in addition to that mentioned in the above;
- To review, evaluate and update the existing website such that it provides a more user friendly experience and improved functionality;
- To further promote DSL across all media as Scotland's preferred provider of Microfinance funding.
- To capitalise on opportunities that become available to deliver loan schemes devised by UK Government and administered via British Business Bank to assist with Covid-19 recovery

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Report of the Trustees for the year ended 31 March 2021

4 Structure, Governance and Management

The CEIS Group is comprised of the main company as well as subsidiary Boards and joint ventures. In the case of subsidiaries, CEIS Ayrshire and DSL Business Finance, the main company, CEIS, is the sole member. In the case of joint venture, responsibility is shared between CEIS and its partners.

The main function of the CEIS Board is to set strategic direction and to monitor organisational performance and to ensure a high standard of governance. It is supported in this task by a Staffing & H&S and a Finance subgroup. These subgroups meet 4 times per year, ahead of CEIS Board meetings.

CEIS appoints Directors to the subsidiary Boards and these Directors have a responsibility to ensure good governance within each subsidiary. This includes election of Office Holders from amongst the Directors.

Trustees' Responsibilities

The trustees (who are also directors of Community Enterprise in Scotland for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group

and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COMMUNITY ENTERPRISE IN SCOTLAND
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Report of the Trustees for the year ended 31 March 2021

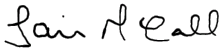
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution will be proposed at the Annual General Meeting that Wylie & Bisset (Audit) Limited be reappointed as auditors to the charity for the ensuing year.

Approved by the Trustees and signed on their behalf by:

DocuSigned by:

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Name: Iain McCall

Date: 20/12/21

COMMUNITY ENTERPRISE IN SCOTLAND (A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF COMMUNITY ENTERPRISE IN SCOTLAND FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Community Enterprise in Scotland (the 'parent charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the group and parent charitable company statement of financial activities (including an income and expenditure account), the group and parent charitable company balance sheets, the group and parent charitable company's statement of cash flow statement and related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2021, and of group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, March cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
COMMUNITY ENTERPRISE IN SCOTLAND FOR THE YEAR ENDED 31 MARCH
2021**

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditors report thereon. The trustees are responsible for the other information contained within Report and Consolidated Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees, which includes the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Report of the Trustees. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF COMMUNITY ENTERPRISE IN SCOTLAND FOR THE YEAR ENDED 31 MARCH 2021

- the trustees were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 10 and 11, the Trustees (who are also the Directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, responding appropriately to fraud or suspected fraud identified during the audit process. This includes obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The primary responsibility however for the prevention and detection of fraud rests with those charged with governance and executive management of the entity.

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF COMMUNITY ENTERPRISE IN SCOTLAND FOR THE YEAR ENDED 31 MARCH 2021

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- The nature of the group and parent charitable company, the environment in which it operates and the control procedures implemented by management and the trustees; and
- Our enquiries of management and trustees about their identification and assessment of the risks of irregularities.

Based on our understanding of the charity and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the charity's operations

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries.

Audit response to the risks identified;

Our procedures to respond to the risks identified included the following:

- Gaining an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, trustees and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance and correspondence with HMRC;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether judgements made in making accounting estimates are indicative of a potential bias; and, evaluating rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements,

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**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
COMMUNITY ENTERPRISE IN SCOTLAND FOR THE YEAR ENDED 31 MARCH
2021**

as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of Report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Scott Gillon FCCA CA
Senior Statutory Auditor
For and on behalf of Wylie & Bisset (Audit) Limited, Statutory Auditor

168 Bath Street
Glasgow
G2 4TP

Wylie & Bisset (Audit) Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Date: 20/12/21

COMMUNITY ENTERPRISE IN SCOTLAND
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2021

(Including an Income and Expenditure account)

	Note	Unrestricted Funds Year to 31 March 2021 £	Restricted Funds Year to 31 March 2021 £	Total Funds Year to 31 March 2021 £	Unrestricted Funds Year to 31 March 2020 £	Restricted Funds Year to 31 March 2020 £	Total Funds Year to 31 March 2020 £
Income and endowments from:							
Charitable activities	4	4,373,742	2,077,050	6,450,792	254,676	2,912,629	3,167,305
Other trading activities	5	171,804	-	171,804	158,854	-	158,854
Investments	6	1,648	-	1,648	1,492	-	1,492
Other incoming resources	7	-	29,352	29,352	-	-	-
Total Income		4,547,194	2,106,402	6,653,596	415,022	2,912,629	3,327,651
Expenditure on:							
Raising funds							
Other trading activities	8	103,672	-	103,672	83,073	-	83,073
Charitable activities	10	4,447,501	2,106,402	6,553,903	230,955	2,912,629	3,143,584
Total Expenditure		4,551,173	2,106,402	6,657,575	314,028	2,912,629	3,226,657
Net income/ (expenditure)		(3,979)	-	(3,979)	100,994	-	100,994
Other gains/(losses)	13	(6,457)	-	(6,457)	(8,832)	-	(8,832)
Net movement in funds		(10,436)	-	(10,436)	92,162	-	92,162
Funds reconciliation							
Total Funds brought forward	20	836,933	-	836,933	744,771	-	744,771
Total Funds carried forward	20	826,497	-	826,497	836,933	-	836,933

The Statement of Financial Activities includes all gains and losses recognised in the period.

All income and expenditure derive from continuing activities.

COMMUNITY ENTERPRISE IN SCOTLAND
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CHARITY STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2021

(Including an Income and Expenditure account)

	Note	Unrestricted Funds Year to 31 March 2021 £	Restricted Funds Year to 31 March 2021 £	Total Funds Year to 31 March 2021 £	Unrestricted Funds Year to 31 March 2020 £	Restricted Funds Year to 31 March 2020 £	Total Funds Year to 31 March 2020 £
Income and endowments from:							
Charitable activities	4	3,225,393	2,077,050	5,302,443	215,221	1,597,965	1,813,186
Other trading activities	5	257,283	-	257,283	253,262	-	253,262
Investments	6	1,648	-	1,648	1,492	-	1,492
Other incoming resources	7	-	10,141	10,141	-	-	-
Total Income		3,484,324	2,087,191	5,571,515	469,975	1,597,965	2,067,940
Expenditure on:							
Raising funds							
Other trading activities	8	190,405	-	190,405	178,399	-	178,399
Charitable activities	10	3,314,652	2,087,191	5,401,843	195,452	1,597,965	1,793,417
Total Expenditure		3,505,057	2,087,191	5,592,248	373,851	1,597,965	1,971,816
Net income/ (expenditure)		(20,733)	-	(20,733)			
Other gains/(losses)	13	(6,457)	-	(6,457)	(8,832)	-	(8,832)
Net movement in funds		(27,190)	-	(27,190)	87,292	-	87,292
Funds reconciliation							
Total Funds brought forward	21	407,241	-	407,241	319,949	-	319,949
Total Funds carried forward	21	380,051	-	380,051	407,241	-	407,241

The Statement of Financial Activities includes all gains and losses recognised in the period.

All income and expenditure derive from continuing activities.

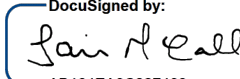
COMMUNITY ENTERPRISE IN SCOTLAND
(A company limited by guarantee)

BALANCE SHEET AS AT 31 MARCH 2021

	Note	Group As at 31 March 2021 £	Group As at 31 March 2020 £	Charity As at 31 March 2021 £	Charity As at 31 March 2020 £
Fixed assets:					
Tangible assets	15	491,912	508,516	491,912	508,516
Investments	25	54,057	52,805	250	252
Total Fixed Assets		<u>545,969</u>	<u>561,321</u>	<u>492,162</u>	<u>508,768</u>
Current assets:					
Debtors	16	764,968	670,817	599,932	528,694
Cash at bank and in hand	24	1,382,907	1,273,839	1,113,314	984,385
Total Current Assets		<u>2,147,875</u>	<u>1,944,656</u>	<u>1,713,246</u>	<u>1,513,079</u>
Liabilities:					
Creditors falling due within one year	17	1,456,697	1,298,881	1,414,707	1,244,443
Net Current assets		<u>691,178</u>	<u>645,775</u>	<u>298,539</u>	<u>272,714</u>
Creditors falling due after more than one year	19	410,650	370,163	410,650	370,163
Net assets		<u>826,497</u>	<u>836,933</u>	<u>380,051</u>	<u>407,241</u>
The funds of the charity:					
Unrestricted funds	20,21	826,497	836,933	380,051	407,241
Total charity funds		<u>826,497</u>	<u>836,933</u>	<u>380,051</u>	<u>407,241</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 44 of the Charities and Trustee Investment (Scotland) Act 2005. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

Approved by the trustees on 20 December 2021 and signed on their behalf by:

DocuSigned by:

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Name: Iain McCall

Company registration number: SC087515

The notes on pages 21 to 39 form part of these financial statements

COMMUNITY ENTERPRISE IN SCOTLAND
(A company limited by guarantee)

**STATEMENT OF CASHFLOWS AND CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDING 31 MARCH 2021**

	Note	Group Year to 31 March 2021 £	Group Year to 31 March 2020 £	Charity Year to 31 March 2021 £	Charity Year to 31 March 2020 £
<i>Cash flows from operating activities:</i>					
Net cash (used in)/provided by operating activities	23	109,459	299,185	129,320	249,869
<i>Cash flows from investing activities:</i>					
Interest from investments		1,648	1,492	1,648	1,492
Purchase of equipment		(2,475)	(1,775)	(2,475)	(1,775)
Loss on disposal of fixed assets		436	-	436	-
Purchase of investments		-	-	-	-
Net cash (used in)/provided by investing activities		(391)	(283)	(391)	(8,456)
Change in cash and cash equivalents in the year		109,068	298,902	128,929	249,586
Cash and cash equivalents brought forward		1,273,839	974,937	984,385	734,799
Cash and cash equivalents carried forward	24	<u>1,382,907</u>	<u>1,273,839</u>	<u>1,113,314</u>	<u>984,385</u>

COMMUNITY ENTERPRISE IN SCOTLAND **(A company limited by guarantee)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements consolidate the results of the charity's wholly owned subsidiaries, CEIS Ayrshire, CEIS Recruitment Services Ltd, on a line by line basis. In addition a 50% share of the assets and profits of Social Value Lab Limited are included in the consolidation.

The charity constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

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

(b) Funds structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created funds for specific purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal.

Further details of each fund are disclosed in notes 20 and 21.

(c) Income recognition

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

COMMUNITY ENTERPRISE IN SCOTLAND
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

(d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (e) below.

- Expenditure on charitable activities includes Employability and other activities undertaken to further the purposes of the charity and their associated support costs;
- Other expenditure includes trading expenditure generated by the subsidiary companies

(e) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on the number of individual grant awards made in recognition that the administrative costs of awarding, monitoring and assessing research grants, salary support grants and postgraduate scholarships are broadly equivalent. The allocation of support and governance costs is analysed in note 9.

(f) Tangible fixed assets and depreciation

All assets costing more than £300 are capitalised and valued at historical cost. Depreciation is charged as follows:

	Basis
Long leasehold buildings	2% on cost
Fixtures, fittings and equipment	25% on cost
Training and computer equipment	33.3% on cost

(g) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

COMMUNITY ENTERPRISE IN SCOTLAND
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

(h) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(j) Pension scheme

The company was part of a defined benefit pension scheme but exited the scheme on 31st March 2017 as is further detailed within the Trustees' report and note 12. The company now offers employees a defined contribution pension scheme.

(k) Financial instruments

The charity and its subsidiary companies only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

(l) Taxation

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only

(m) Income from Investments

Investment income is included in the financial statements in the accounting period in which it is received.

(n) Investments

Fixed asset investments are included at cost.

(o) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

Termination benefits are recognised immediately as an expense when the limited liability partnership is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

COMMUNITY ENTERPRISE IN SCOTLAND
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

(p) Judgements and key sources of estimation and uncertainty

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Depreciation of fixed assets – fixed assets are depreciated over the useful life of the asset. The useful lives of fixed assets are based on the knowledge of senior management, with reference to assets expected life cycle.

Allocation of expenditure between activities – Support costs are allocated between charitable activities and governance based on the time spent by senior management on undertaking the charity's activities.

Bad debt provision – The charity makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of debtors, management considers factors including credit rating of the customer, previous payment patterns and ageing of the debt.

2. Legal status of the Charity

The Charity is a registered Scottish charity.

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

3. Related party transactions and trustees' expenses and remuneration

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2020: £nil). It is not the practice of the charity to reimburse Trustee expenses. There were no donations made by trustees during the year (2020: £nil).

No Trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2020: £nil).

During the year the costs paid by the company to a Trustee in relation to the Chief Executive role were as follows: -

	2021	2020
	£	£
Salaries and wages	-	11,853
Social security costs	-	1,307
Pension costs	-	1,185
	<u>-</u>	<u>14,345</u>

COMMUNITY ENTERPRISE IN SCOTLAND
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

3. Related party transactions and trustees' expenses and remuneration (continued)

	2021	2020
	£	£
Salaries and wages	70,603	61,667
Social security costs	8,530	7,006
Pension costs	7,511	6,167
	<u>86,644</u>	<u>74,840</u>

No other Trustees received any remuneration during the year.

4. Income from charitable activities

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Social Enterprise	<u>6,450,792</u>	<u>3,167,305</u>	<u>5,302,443</u>	<u>1,813,186</u>
	<u>6,450,792</u>	<u>3,167,305</u>	<u>5,302,443</u>	<u>1,813,186</u>

5. Income from other trading activities

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Service level agreements	<u>171,804</u>	<u>158,854</u>	<u>257,283</u>	<u>253,262</u>
	<u>171,804</u>	<u>158,854</u>	<u>257,283</u>	<u>253,262</u>

The wholly owned trading subsidiary CEIS Ayrshire is incorporated in the United Kingdom (company number SC327751).

The summary financial performance of the subsidiary alone is:

	2021	2020
	£	£
Charitable Activities	1,148,349	1,354,119
Other Income	19,211	-
Charitable Activities expenditure	1,152,060	1,350,166
Movement in funds	<u>15,500</u>	<u>3,953</u>
Funds brought forward	<u>377,139</u>	<u>373,186</u>
Funds carried forward	<u>392,639</u>	<u>377,139</u>

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	434,743	431,577
Current liabilities	(42,104)	(54,438)
Total net assets	<u>392,639</u>	<u>377,139</u>
Aggregate funds	<u>392,639</u>	<u>377,139</u>

COMMUNITY ENTERPRISE IN SCOTLAND
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

6. Investment income

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Interest received on cash deposits	1,648	1,492	1,648	1,492
	<u>1,648</u>	<u>1,492</u>	<u>1,648</u>	<u>1,492</u>

7. Other incoming resources

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Coronavirus Job Retention Scheme	29,352	-	10,141	-
	<u>29,352</u>	<u>-</u>	<u>10,141</u>	<u>-</u>

8. Raising funds – expenditure on other trading activities

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Service level agreements	103,672	83,073	190,405	178,399
	<u>103,672</u>	<u>83,073</u>	<u>190,405</u>	<u>178,399</u>

9. Allocation of governance and support costs

The breakdown of support costs and how they were allocated between governance and other support costs is shown in the table overleaf.

COMMUNITY ENTERPRISE IN SCOTLAND
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

9. Allocation of governance and support costs (continued)

Cost type	Total allocated £	Raising funds £	Social Enterprise £	Governance £	Basis of apportionment
Salaries and secondment fees	879,338	175,868	690,228	13,243	<i>Time spent</i>
Subcontractor costs	60,521	-	60,521	-	<i>Usage</i>
Staff travel	2,049	1,455	512	82	<i>Staff split</i>
Staff training	1,367	1,189	109	69	<i>Staff split</i>
Conferences/Subscriptions and other	20,865	11,893	8,346	626	<i>Staff split</i>
Insurance, heat & light and rates	17,834	-	17,834	-	<i>Staff split</i>
Telephone, post and stationery	26,866	-	26,866	-	<i>Staff split</i>
Equipment leasing and maintenance	9,144	-	9,144	-	<i>Staff split</i>
IT	8,649	-	8,649	-	<i>Staff split</i>
Other property costs/Sundry expenses	1,445	-	1,445	-	<i>Staff split</i>
Depreciation (including building)	18,964	-	18,964	-	<i>Staff split</i>
Marketing	1,172	-	1,172	-	<i>Staff split</i>
Total	1,048,214	190,405	843,790	14,019	

Governance costs:

	Total 2021 £	Total 2020 £
Auditors remuneration	7,501	7,808
Legal fees	1,995	210
Costs of meetings	222	2,024
Support costs	14,019	13,092
	23,737	23,134

Allocation of governance and other support costs:

	2021 £	2020 £
Social Enterprise	23,737	23,134
Total allocated	23,737	23,134

COMMUNITY ENTERPRISE IN SCOTLAND
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

10. Analysis of expenditure on charitable activities

Charity

	Social Enterprise £	2021 Total £	2020 Total £
Direct overheads	4,533,166	4,533,166	964,179
Other costs	1,150	1,150	3,500
Governance costs	23,737	23,737	23,134
Support costs	843,790	843,790	802,604
	5,401,843	5,401,843	1,793,417

Group

	Social Enterprise £	Employability £	2021 Total £	2020 Total £
Salaries	-	818,684	818,684	756,251
Direct overheads	4,533,166	11,250	4,544,416	964,179
Other costs	1,150	15,355	16,505	-
Other losses (FRS 102)	6,457	-	6,457	8,832
Governance costs	16,236	4,249	20,485	19,635
Support costs	843,790	292,984	1,136,774	1,392,891
Audit	7,501	3,081	10,582	10,628
	5,408,300	1,145,603	6,553,903	3,143,584

11. Analysis of staff costs and remuneration of key management personnel

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Salaries and wages	2,146,977	1,353,755	743,824	683,751
Social security costs	166,642	108,022	66,179	62,940
Employer contributions to pension schemes	167,201	103,130	63,034	61,966
Total staff costs and employee benefits	2,480,820	1,564,907	873,037	808,657

COMMUNITY ENTERPRISE IN SCOTLAND
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

11. Analysis of staff costs and remuneration of key management personnel (continued)

The number of employees whose employee benefits fell within the following bands are as follows:

	2021	2020
	No.	No.
£60,000 - £70,000	-	1
£70,000 - £80,000	2	1
£80,000 - £100,000	-	1

	Group	
	2021	2020
	£	£
Key management personnel remuneration	865,699	724,117

The CEO to worker salary ratio is 4.52:1 (2020: 4.52:1). This is in relation to the CEO of parent charity Community Enterprise in Scotland and the lowest paid staff within the CEIS Group.

	2021	2020
	No.	No.
The average number of persons, by headcount, employed by the two charities during the year was:	50	51

12. Pension obligations

The Board approved a decision to exit Strathclyde Pension Scheme on 31st March 2017 for the future sustainability of the company. This gave rise to an exit cost of £1,000,000 which has been fully accounted for. The Strathclyde Pension Scheme was a defined benefit scheme which has now been replaced with the company defined contribution scheme.

13. Other Gains/(Losses)

	2021	2020
	£	£
FRS102 interest free loan – notional interest	(6,457)	(8,832)

14. Net income/(expenditure) for the year

	Group	
This is stated after charging:	2021	2020
	£	£
Depreciation	18,645	19,423
Auditor's remuneration:		
Audit fees – Company	7,501	7,808
Audit fees – subsidiaries	2,820	2,820

COMMUNITY ENTERPRISE IN SCOTLAND
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

15. Tangible Fixed Assets - Group and charity

	Long Leasehold Land & Buildings £	Training & Computer equipment £	Fixtures & Fittings £	Office refurbishment £	Total £
Cost or valuation					
At 1 April 2020	702,160	79,137	17,158	121,076	919,531
Additions	-	1,709	768	-	2,477
Disposals	-	(2,093)	-	-	(2,093)
At 31 March 2021	<u>702,160</u>	<u>78,753</u>	<u>17,926</u>	<u>121,076</u>	<u>919,915</u>
Depreciation					
At 1 April 2020	198,945	74,272	16,722	121,076	411,015
Charge for the year	14,043	4,038	564	-	18,645
On disposal	-	(2,093)	-	-	(2,093)
Loss on disposal	-	436	-	-	436
At 31 March 2021	<u>212,988</u>	<u>76,653</u>	<u>17,286</u>	<u>121,076</u>	<u>428,003</u>
Net book value					
At 31 March 2021	<u>489,172</u>	<u>2,100</u>	<u>640</u>	<u>-</u>	<u>491,912</u>
At 31 March 2020	<u>503,215</u>	<u>4,865</u>	<u>436</u>	<u>-</u>	<u>508,516</u>

16. Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	533,589	581,174	498,138	523,167
Other debtors	231,379	89,643	101,794	5,527
	<u>764,968</u>	<u>670,817</u>	<u>599,932</u>	<u>528,694</u>

17. Creditors: amounts falling due within one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Loans	51,246	45,856	51,246	45,856
Trade creditors	100,391	150,506	99,252	142,983
Deferred income	1,038,422	636,647	1,018,282	620,304
Taxation and social security	152,272	141,407	152,272	141,407
Other creditors	64,366	161,502	43,655	130,930
SPF	50,000	162,963	50,000	162,963
	<u>1,456,697</u>	<u>1,298,881</u>	<u>1,414,707</u>	<u>1,244,443</u>

COMMUNITY ENTERPRISE IN SCOTLAND
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

18. a) Deferred income - Group

	2021	2020
	£	£
Balance as at 1 April 2020	636,647	322,492
Amount released to income earned from charitable activities	(636,647)	(322,492)
Amount deferred in year	1,038,422	636,647
Balance as at 31 March 2021	<u>1,038,422</u>	<u>636,647</u>

18. b) Deferred income - Charity

	2021	2020
	£	£
Balance as at 1 April 2020	620,304	322,492
Amount released to income earned from charitable activities	(620,304)	(322,492)
Amount deferred in year	1,018,282	620,304
Balance as at 31 March 2021	<u>1,018,282</u>	<u>620,304</u>

Description of Deferred income:

Strengthening Communities is a contract to support clients to build capacity and improve their potential as community anchor organisations..

Just Enterprise is a Scottish Government programme providing a range of business support and learning services to social entrepreneurs and enterprising third sector organisations across Scotland. CEIS leads the Just Enterprise consortium and the contract was renewed in 2019 and will run to May 2023 with options for extension for a further two years.

International Social Enterprise Observatory (ISEO) is an initiative in Scotland to harvest learning from across the world, support Scottish social enterprises to internationalise and to demonstrate global citizenship through collaboration and partnership.

Events - CEIS run social enterprise events including the annual CEIS conference, Social Enterprise World Forum, SE100 and various other small events.

19. Creditors: amounts falling due after more than one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Other	<u>410,650</u>	<u>370,163</u>	<u>410,650</u>	<u>370,163</u>
	<u>410,650</u>	<u>370,163</u>	<u>410,650</u>	<u>370,163</u>
Due within one to two years	166,245	206,241	166,245	206,241
Due within two to five years	244,405	132,542	244,405	132,542
Due greater than five years	-	31,380	-	31,380
	<u>410,650</u>	<u>370,163</u>	<u>410,650</u>	<u>370,163</u>

COMMUNITY ENTERPRISE IN SCOTLAND
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

20. Analysis of charitable funds – Group

Analysis of Fund movements to March 2021	Fund b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted funds					
Tangible Fixed Asset reserve	508,516	-	18,645	2,476	492,347
Contingency reserve	-	-	-	532,000	532,000
Redundancy reserve	-	-	-	130,000	130,000
General funds	(101,275)	3,397,591	3,406,136	(324,476)	(434,296)
General funds Ayrshire	377,138	1,148,349	1,132,849	(340,000)	52,638
General funds SVL	52,554	1,254	-	-	53,808
Total unrestricted funds	836,933	4,547,194	4,557,630	-	826,497
Restricted funds					
GCC Integrated Grant Fund	-	146,196	146,196	-	-
International Social Enterprise Observatory	-	148,555	148,555	-	-
Just Enterprise	-	1,370,772	1,370,772	-	-
Strengthening communities	-	27,309	27,309	-	-
Changing Lives	-	-	-	-	-
SEI in Higher Education	-	130,926	130,926	-	-
Changing Lives Through Sport	-	18,087	18,087	-	-
SCF – Management Fee	-	22,557	22,557	-	-
Glasgow Interface	-	185,000	185,000	-	-
Ready for Business	-	27,648	27,648	-	-
Job Retention Scheme	-	29,352	29,352	-	-
Total restricted funds	-	2,106,402	2,106,402	-	-
TOTAL FUNDS	836,933	6,653,596	6,664,032	-	826,497

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

20. Analysis of charitable funds – Group (continued)

Analysis of Fund movements to March 2020	Fund b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted funds					
Tangible Fixed Asset reserve	449,006	-	19,423	78,933	508,516
General funds	295,765	415,022	303,437	(78,933)	328,417
Total unrestricted funds	744,771	415,022	322,860	-	836,933
Restricted funds					
GCC Integrated Grant Fund	-	169,711	169,711	-	-
Events	-	10,932	10,932	-	-
Our place	-	8,026	8,026	-	-
International Social	-	70,995	70,995	-	-
Enterprise Observatory					
Just Enterprise	-	1,063,678	1,063,678	-	-
Strengthening communities	-	53,306	53,306	-	-
Changing Lives	-	94,826	94,826	-	-
SEI in Higher Education	-	122,306	122,306	-	-
SE Census	-	4,725	4,725	-	-
NAC	-	711,259	711,259	-	-
SDS	-	138,003	138,003	-	-
ITA	-	72,600	72,600	-	-
Building Brighter Futures	-	29,581	29,581	-	-
Salus	-	170,448	170,448	-	-
EAC Pipeline	-	120,174	120,174	-	-
Ahead/Tandem	-	72,599	72,599	-	-
Total restricted funds	-	2,912,629	2,912,629	-	-
TOTAL FUNDS	744,771	3,327,651	3,327,651	-	836,933

a) The unrestricted funds are available to be spent for any of the purposes of the charity.

- Tangible Fixed Assets Reserve – represents the Net Book Value of the charity's fixed assets less applicable loan balances.
- General Funds - retained reserves from charitable activities.
- Running cost contingency – this equates to three months running costs.
- Redundancy contingency – this is for potential future redundancies in the event that key funding contracts end without an equivalent replacement project that results in workforce reductions.

b) Restricted funds comprise:

Events - CEIS run social enterprise events including the CEIS September conference, Social Enterprise World Forum, SE100 and various other small events.

Our Place - Big Lottery funded programme targeted at three neighbourhood communities in Dumfries, Ardrossan and Falkirk.

Strengthening communities – CEIS is resourced from Scottish Government to support clients to build capacity and improve their potential as community anchor organisations.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

20. Analysis of charitable funds – Group (continued)

GCC Integrated Grant Fund allows for the provision of business support to Glasgow based third sector organisations.

International Social Enterprise Observatory (ISEO) is an initiative in Scotland to harvest learning from across the world, support Scottish social enterprises to internationalise and to demonstrate global citizenship through collaboration and partnership.

SEI is a programme with CEIS as the Scottish licensee to provide digital learning resources for social enterprises and social entrepreneurs, developed by the Social Enterprise Institute (SEI) in Canada.

Social Enterprise (SE) Census is a project, led by CEIS with financial support from the Scottish Government, which is an essential guide to tracking social enterprise development, its impact on the national economy and identifying the support needs of the sector.

Just Enterprise is a Scottish Government programme providing a range of business support and learning services to social entrepreneurs and enterprising third sector organisations across Scotland. CEIS leads the Just Enterprise consortium and the contract was renewed in 2014 and will run to May 2016 with options for extension for a further two years.

Changing Lives is a project which offers business support to third sector sporting organisations across Scotland.

NAC is a contract with North Ayrshire Council. CEIS Ayrshire was the preferred supplier for two contracts - Case Management and Job Brokerage.

ITA is a service which provides short training courses to clients eligible for funding through SDS Individual Learning Accounts Funding. This is paid directly from Scottish Government.

SALUS is a health case management service in order to progress a number of unemployed residents with health barriers into and along the pipeline currently procured through North Ayrshire Council.

EAC Pipeline is an engagement and barrier removal service for those further away from the labour market, with training included. This service links into the rest of the East Ayrshire Council Pipeline contracts.

Building Brighter Futures is designed to help school leavers (16-18) transition from school either into work, education or training. The project aims to provide the young people with centre-based support, including Resilience, personal development and employability training and a work experience placement. Based in Dumfries & Galloway.

Ahead/Tandem is an Asset Based Community Development project based across four localities in North Ayr.

Coronavirus Job Retention Scheme Job Retention Scheme was utilised in relation to staff who were unable to work during Coronavirus lockdowns as per government guidelines

SCF Management Fee is the management fee for the Strengthening Communities fund.

Glasgow Interface is made up of three different projects:

Saorsa - Eliminating Modern Slavery - A grant to develop a new Social Enterprise which has been supported via the ISEO. CEIS is the grant manager with all funds being dispersed to Saorsa on presentation of invoices.

Stimulating Social Innovation - A grant from the Scottish Government for CEIS to run pilot programmes across three key areas of social innovation.

Climate Emergency and COP 26 - A grant from the Scottish Government for CEIS to take the lead on developing a third sector response to realising Net Zero by 2045.

Ready for Business (Procurement) is a Scottish Government funded programme which supports stronger engagement between public sector buyers and third sector suppliers.

Changing Lives Through Sport is a project which offers business support to sports and physical activity focussed third sector sporting organisations across Scotland.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

21. Analysis of charitable funds - Charity

Analysis of Fund movements to March 2021	Fund b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted funds					
Tangible Fixed Asset reserve	508,516	-	18,645	2,476	492,347
Contingency reserve	-	-	-	262,000	262,000
Redundancy reserve	-	-	-	60,000	60,000
General funds	(101,275)	3,484,324	3,492,869	(324,476)	(434,296)
Total unrestricted funds	407,241	3,484,324	3,511,514	-	380,051
Restricted funds					
GCC Integrated Grant Fund	-	146,196	146,196	-	-
International Social	-	148,555	148,555	-	-
Enterprise Observatory					
Just Enterprise	-	1,370,772	1,370,772	-	-
SEI	-	130,926	130,926	-	-
Strengthening communities	-	27,309	27,309	-	-
Job Retention Scheme	-	10,141	10,141	-	-
SCF – Management Fee	-	22,557	22,557	-	-
Glasgow Interface	-	185,000	185,000	-	-
Changing Lives Through Sport	-	18,087	18,087	-	-
Ready for Business	-	27,648	27,648	-	-
Total restricted funds	-	2,087,191	2,087,191	-	-
TOTAL FUNDS	407,241	5,571,515	5,598,705	-	380,051

Analysis of Fund movements to March 2020	Fund b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted funds					
Tangible Fixed Asset reserve	448,582	-	19,423	79,357	508,516
General funds	(128,633)	469,975	363,260	(79,357)	(101,275)
Total unrestricted funds	319,949	469,975	382,683	-	407,241
Restricted funds					
GCC Integrated Grant Fund		169,711	169,711		
Events	-	10,392	10,392	-	-
Our place	-	8,026	8,026	-	-
International Social	-	70,995	70,995	-	-
Enterprise Observatory					
Just Enterprise	-	1,063,678	1,063,678	-	-
SEI	-	122,306	122,306	-	-
Strengthening communities	-	53,306	53,306	-	-
Changing Lives	-	94,826	94,826	-	-
SE Census	-	4,725	4,725	-	-
Total restricted funds	-	1,597,965	1,597,965	-	-
TOTAL FUNDS	319,949	2,067,940	1,980,648	-	407,241

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

22. Net group assets over funds

Net Group Assets to March 2021	Unrestricted Funds	Restricted Funds	Total 2021
	£	£	£
Fixed assets	491,912	-	491,912
Investments	54,057	-	54,057
Debtors	764,968	-	764,968
Cash at bank and in hand	1,382,907	-	1,382,907
Creditors falling due within one year	(1,456,697)	-	(1,456,697)
Creditors falling due after more than one year	(410,650)	-	(410,650)
	<u>826,497</u>	<u>-</u>	<u>826,497</u>

Net Group Assets to March 2020	Unrestricted Funds	Restricted Funds	Total 2020
	£	£	£
Fixed assets	508,516	-	508,516
Investments	52,805	-	52,805
Debtors	670,817	-	670,817
Cash at bank and in hand	1,273,839	-	1,273,839
Creditors falling due within one year	(1,298,881)	-	(1,298,881)
Creditors falling due after more than one year	(370,163)	-	(370,163)
	<u>836,933</u>	<u>-</u>	<u>836,933</u>

23. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Net (deficit)/income for the year (as per the Statement of Financial Activities)	(10,436)	92,162	(27,190)	87,292
Adjustments for:				
Depreciation charges	18,645	19,423	18,645	19,423
Interest from investments	(1,648)	(2,411)	(1,648)	(1,492)
Other finance income	(1,254)	-	-	-
Decrease in stocks	-	-	-	-
Decrease/(increase) in debtors	(94,151)	(74,268)	(71,238)	(80,835)
Increase/(decrease) in creditors	198,303	264,279	210,751	225,481
Net cash (used in)/provided by operating activities	<u>109,459</u>	<u>299,185</u>	<u>129,320</u>	<u>249,869</u>

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

24. Analysis of cash and cash equivalents

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Cash in hand	1,382,907	1,273,839	1,113,314	984,385
Total cash and cash equivalents	<u>1,382,907</u>	<u>1,273,839</u>	<u>1,113,314</u>	<u>984,385</u>

25. Investments and Consolidation

Group	2021 £	2020 £
Ordinary Shares Social Value Lab	2	2
Consolidated Reserves Social Value Lab	53,805	52,553
SEN Bonds	250	250
	<u>54,057</u>	<u>52,805</u>

Company	2021 £
At 1 April 2020 and 31 March 2021	<u>252</u>

Company	2020 £
At 1 April 2020	2
Additions in year	250
At 31 March 2021	<u>252</u>

Investments comprise 2 ordinary £1 shares in Social Value Lab Limited.

➤ **CEIS Ayrshire – SC327751**

A company limited by guarantee

Community Enterprise in Scotland is the sole member of CEIS Ayrshire and therefore controls its activities. Community Enterprise in Scotland provided management services for CEIS Ayrshire. At the year-end CEIS owed CEIS Ayrshire £114 (2020 - £Nil).

	2021 £	2020 £
Surplus/(loss) for the period ended 31 March 2021	<u>15,500</u>	<u>3,953</u>
Aggregate capital and reserves at 31 March 2021	<u>392,639</u>	<u>377,139</u>

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

25. Investments and Consolidation (continued)

➤ **DSL Business Finance Ltd – SC145739**

A company limited by guarantee

Community Enterprise in Scotland is the sole member of DSL Business Finance Limited (DSL) and therefore controls its activities. This company has not been consolidated as the activities of DSL are so diverse from those of CEIS the result would not show a meaningful set of consolidated accounts and therefore a true and fair view.

DSL has been established in partnership with the public and private sectors to raise and manage funds to provide loans and investments, on a variety of terms, to enterprises and social economy organisations throughout Scotland.

DSL paid CEIS a management fee of £120,384 (2020 - £106,555) based on its service level agreement for 2020/21 which includes £12,323 (2020 - £12,323) based on the lease agreement for Dava Street. At the year end DSL owed CEIS £458 (2020 - £Nil).

During the year CEIS paid DSL a fee for services of £4,144 (2020 - £4,144).

	2021	2020
	£	£
Surplus/(loss) for the period ended 31 March 2021	<u>69,651</u>	<u>31,996</u>
Aggregate capital and reserves at 31 March 2021	<u>2,440,448</u>	<u>2,370,797</u>

➤ **Social Enterprise World Forum CIC – SC425154**

A community enterprise company

Community Enterprise in Scotland was the sole member of Social Enterprise World Forum until July 2015. From July 2015 onwards, the company is controlled by its members, each of whom is a director of the company. CEIS ceased being a member in the year to March 2020.

Community Enterprise in Scotland provided management services for Social Enterprise World Forum.

	2020
	£
Surplus/(loss) for the period ended 31 March 2021	<u>4,390</u>
Aggregate capital and reserves at 31 March 2021	<u>15,631</u>

➤ **Social Value Lab Ltd – SC386140**

A company limited by share capital

The company is incorporated as a company limited by share capital. Social Value Lab Ltd (SVL) is a joint venture.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

25. Investments and Consolidation (continued)

This company has had 50% of its surplus consolidated into the activities of CEIS as 50% of its shares are owned by CEIS.

Sales of £106,991 (2020: £47,981) were made by SVL to CEIS during the year. SVL purchased £22,907 (2020 - £23,629) of goods or services during the year from CEIS. SVL declared CEIS gift aid of £25,122 in 2021 (2020 - £31,000). At the end of the year CEIS owed SVL £Nil (2020 - £11,014) and SVL owed CEIS £108 (2020 - £Nil)

	2021	2020
	£	£
Surplus/(loss) for the period ended 31 March 2021	25,124	32,991
Aggregate capital and reserves at 31 March 2021	<u>105,261</u>	<u>105,259</u>

➤ **Ready for Business Procurement LLP – SO303543**
A limited liability partnership

This entity was incorporated as a limited liability partnership. Ready for Business LLP is a joint venture. At the end of the year Ready for Business Procurement LLP owed CEIS £18,360 (2020 - £Nil).

This company has no surplus.	2021	2020
	£	£
Surplus for the year ended 31 December 2021	-	-
Aggregate capital and reserves at 31 December 2021	-	-

26. Operating Lease Commitments

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

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Due within one year	1,100	643	1,100	643
Due within one to two years	-	-	-	-
	<u>1,100</u>	<u>643</u>	<u>1,100</u>	<u>643</u>