

REFORM SCOTLAND
(A company limited by guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

Company Registration Number: SC336414
Registered Charity Number: SC039624

REFORM SCOTLAND
CONTENTS

	Pages
Members of the board and professional advisers	2
Directors' annual report	3 - 6
Auditor's report	7 - 8
Statement of financial activities	9
Balance sheet	10
Notes to the accounts	11 - 15

REFORM SCOTLAND
MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

LEGAL AND ADMINISTRATIVE INFORMATION

The board of directors B Thomson
 I d'Inverno
 J Aitken
 A Haldenby
 G Blckett
 D Macdonald
 P Biberbach (appointed 4/11/10)
 L Gordon (appointed 4/11/10)
 H Robertson (appointed 4/11/10)

Company secretary G Mawdsley

Registered office The Executive Centre
 7-9 North St David Street
 Edinburgh
 EH2 1AW

Accountants Jamieson Campbell Limited
 Chartered Accountants
 350 Lanark Road West
 Edinburgh
 EH14 5RR

Auditors Brian Maloney
 Registered Auditor
 15a West End
 West Calder
 EH55 8EH

Solicitors Dundas & Wilson
 Saltire Court
 20 Castle Terrace
 Edinburgh
 EH1 2EN

**REFORM SCOTLAND
DIRECTORS' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2011**

The directors have pleasure in presenting their report and the audited financial statements of the charitable company for the year ended 31 March 2011. This report is prepared in accordance with the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities and complies with applicable law. It complies with the guidelines set out by the Office of the Scottish Charity Regulator. The accounts are audited (see page 7-8).

Structure, governance and management

Governing document

The charitable company was incorporated on 18 January 2008 as a private company limited by guarantee and was registered with the Office of the Scottish Charity Regulator on 2 June 2008 and recognised as a charity by HM Revenue and Customs on 6 June 2008. The charitable company was established under a Memorandum of Association which establishes the objects and powers of the charitable company and is governed under its Articles of Association. It is governed by a board of directors, who are directors for the purpose of company law and trustees for the purpose of charity law. The company began trading on 18 January 2008.

The board of directors

The charitable company's directors need to bring expertise to the three main areas of activity the charitable company undertakes to fulfil its purpose: knowledge and understanding of the Scottish business community, whence most voluntary donations come; experience in economics and public policy, to guide the output of the charitable company; and experience of the public domain, including the media, which allows the charitable company to disseminate the results of its educational research to the Scottish public in general. The directors have extensive experience and skills in these three areas. They are also experienced in the governance of companies and charities similar to Reform Scotland so little formal training is required to be provided by the charitable company.

Risk management

The directors have assessed the major risks to which the charitable company is exposed and are satisfied that systems have been implemented to manage exposure to these risks.

Organisational Structure

The members of the charitable company consist of:

- The founder members
- The directors of the charitable company
- Any person as admitted by the board of directors

Each member has one vote.

**REFORM SCOTLAND
DIRECTORS' ANNUAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2011**

Organisational structure (cont'd)

Members of the charitable company guarantee to contribute an amount not exceeding £1 in the event of winding up. The total number of such guarantees at 31 March 2011 was 9.

The first directors of the charitable company were the founder members. The number of directors cannot be less than 2, nor exceed 25. The board of directors can appoint any person as a director subject to the conditions stated.

The directors are not entitled to receive any remuneration from the charitable company.

Day-to-day management of the charitable company is delegated to G Mawdsley, who has the title of director.

Objectives and activities

The objectives of the charitable company are:

- To promote the education of the Scottish community by carrying out research using robust and objective methods;
- To publish reports and research papers on a range of public policy issues;
- To issue briefing notes and updates analysing developments in public policy;
- To arrange seminars, lectures and other public events in public policy and related topics.

Achievements and performance in year

Reports

Reform Scotland made progress in its stated aims in the year to 31 March 2011. It published six further pieces of research during this year covering various aspects of public policy. All are available for free from www.reformscotland.com:

Power to Learn (June 2010)

Digital Power (August 2010)

Voluntary Power Consultation Report (October 2010)

Managing Scotland's Schools Conference Report (November 2010)

Planning Power (February 2011)

Reform Scotland Manifesto (March 2011)

Further reports are planned in the coming year covering public policy as it relates to policing, the powers of the Scottish Parliament, energy, local taxation, community councils and housing.

**REFORM SCOTLAND
DIRECTORS' ANNUAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2011**

Achievements and performance in year (cont'd)

Reform Scotland also issued a briefing note covering the UK Government's Scotland Bill which was one of the major developments in public policy during the year. In addition, written and oral evidence was submitted to the Scottish Parliament's Scotland Bill Committee and written evidence was submitted to the Scottish Parliament's Finance Committee and the Westminster Scottish Affairs Committee.

Media summary

A media summary has been sent out by email on a daily basis. This is a free information service which aims to encapsulate the public policy debate surrounding the economy and public services in Scotland. This is currently distributed to around three thousand people and is available free from the Reform Scotland website www.reformscotland.com.

Promotion

Reform Scotland seeks to promote its activities to a wide range of people and organisations involved in the public policy debate in Scotland with copies of all reports sent to a cross-section of individuals either in hard copy or electronic form.

During the year, Reform Scotland held a number of open, public events including a conference on the management of Scotland's schools, together with Holyrood Magazine, at which Michael Russell MSP was one of the speakers; a conference on the fiscal powers of the Scottish Parliament, together with The Scotsman, at which Jim McColl was one of the speakers; and a debate at the Scottish Council for Voluntary Organisation's annual conference 'The Gathering.' Together these three events attracted around 300 people from a range of backgrounds.

Reform Scotland also held a consultation meeting with representatives of the voluntary sector to discuss how its role in the provision of public services, as well as fringe meetings at the Scottish party conferences of Labour, the SNP, the Liberal Democrats and the Conservatives looking at different aspects of public service reform.

There was also considerable media interest in Reform Scotland's work with Reform Scotland or its representatives having appeared in the print or broadcast media on nearly four hundred occasions since the organisation was established. .

Financial review

The climate for raising funds for the charitable company has again been challenging this year. However, since the year end additional donations have been obtained and the directors believe that the charity now has sufficient funding in place to support its activities over the next twelve months. In order to maintain its independence, as well as its freedom from commercial or political considerations, Reform Scotland does not accept commissions to undertake work, nor does it accept money from government organisations. This means that it must raise funds for no immediate gain to the donor and there may be no immediate evidence of success because of the long-term, educational nature of its work.

**REFORM SCOTLAND
DIRECTORS' ANNUAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2011**

Statement of Trustees' Responsibilities

The trustees, who are also the directors of Reform Scotland for the purposes of company law are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the charity and of its incoming resources and application of resources, including the income and expenditure of the charitable company for that year.

In preparing these accounts, 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the accounts comply with the Companies Act 2006, and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the Directors (Trustees) are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the Directors (Trustees) have taken all the necessary that they ought to have taken as Directors (Trustees) in order to make themselves aware of all the relevant audit information and to establish that the company's auditors are aware of that information

Auditors

A resolution to re-appoint Brian Maloney & Co as auditors will be proposed at the annual general meeting.

Registered office:

The Executive Centre
7-9 North St David Street
Edinburgh
EH2 1AW

Signed by order of the Directors

Approved by the Directors on.....

AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS OF REFORM SCOTLAND

We have audited the financial statements of Reform Scotland for the year ended 31st March 2011 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 charity's trustees as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) 2006 (as amended). Our audit work has been undertaken so we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the statement of directors' responsibilities, the company's trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require to comply with the Auditing Practices Board [(APB'S)] Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of; whether the accounting policies are appropriate to the charitable company's circumstances have been consistently applied and adequately discloses; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements of inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure and its deficit, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

**AUDITOR'S REPORT TO THE MEMBERS OF
REFORM SCOTLAND (CONT'D)**

Emphasis of Matter – Going Concern

Without qualifying our opinion, we draw your attention to Note 1(f) in the financial statements which indicates the company has incurred a net deficit of £25,548 in the year to 31 March 2011. As at that date, the company's current liabilities exceed its total assets by £40,233. These conditions, along with other matters detailed in Note 1 (f), indicate a material uncertainty which may cast significant doubt about the company's ability to continue to trade on a going concern basis

Opinion on other matters prescribed by the Companies act 2006

In our opinion the information given in the Trustee's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

The charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records or returns; and

certain disclosures of trustee's remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

Brian Maloney
(Senior Statutory Auditor)
for and on behalf of
Brian Maloney & Co,
Registered Auditors,
15a West End,
West Calder
EH55 8EH

Date

Brian Maloney is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

REFORM SCOTLAND
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2011

		Unrestricted funds NOTE	2011 £	Restricted 2010 £	Total funds £	Total funds £	funds
Incoming resources from							
Generated funds:							
Voluntary income							
Donations and grants	2		152,443	-	152,443	186,014	
Activities for generating Funds:							
Investment income			-	-	-	-	
Incoming resources from charitable activities:							
Other income			-	-	-	-	
Total incoming resources			<u>152,443</u>	<u>-</u>	<u>152,443</u>	<u>186,014</u>	
Resources expended							
Charitable activities	3		142,269	-	142,269	153,033	
Governance costs	4		35,722	-	35,722	34,089	
Total resources expended			<u>177,991</u>	<u>-</u>	<u>177,991</u>	<u>187,122</u>	
Net outgoing resources before other recognised gains			(25,548)	-	(25,548)	(1,108)	
Other recognised (losses)/gains:							
Unrealised investment (loss)/gain			-	-	-	-	
Net movement in funds			<u>(25,548)</u>	<u>-</u>	<u>(25,548)</u>	<u>(1,108)</u>	
Total funds brought forward			(14,685)	-	(14,685)	(13,577)	
Total funds carried forward	8		<u>(40,233)</u>	<u>-</u>	<u>(40,233)</u>	<u>(14,685)</u>	

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

**REFORM SCOTLAND
BALANCE SHEET
AS AT 31 MARCH 2011**

COMPANY NO: SC336414

	NOTE	2011 £	2010 £
FIXED ASSETS			
Tangible fixed assets	5	3,964	5,835
		_____	_____
CURRENT ASSETS			
Debtors	6	-	1,000
		_____	_____
CREDITORS: Amounts falling due within one year	7	(44,197)	(21,520)
		_____	_____
NET CURRENT LIABILITIES		(40,233)	(20,520)
		_____	_____
NET LIABILITIES		(40,233)	(14,685)
		_____	_____
FUNDS			
Unrestricted	8	(40,233)	(14,685)
Restricted Funds	8	-	-
		_____	_____
TOTAL FUNDS		(40,233)	(14,685)
		_____	_____

These financial statements are prepared in accordance with the special provisions of part 13 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008) and were approved by the members of the committee on and are signed on their behalf by:

.....

The notes on pages 11 to 15 form part of these financial statements

**REFORM SCOTLAND
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), Companies Act 2006 and follow the recommendations in Reporting by Charities: Statement of Recommended Practice (SORP) issued in March 2005.

(b) Fund accounting

Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.

(c) Incoming resources

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

- Voluntary income is received by way of donations and is included in full in the Statement of Financial Activities when receivable.
- Donated services and facilities are included at the value to the charity where this can be quantified.
- Investment income is included when receivable.
- Incoming resources from charitable activities are accounted for when earned.

(d) Resources Expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. The charity is not registered for VAT and accordingly is shown gross of irrecoverable VAT. All costs have been attributed to categories in the Statement of Financial Activities as follows:

- Costs of generating funds comprise the costs associated with attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

(e) Tangible Fixed assets

Provision is made for the depreciation of fixed assets in order to write off the cost or valuation of these assets over their expected useful lives.

The annual depreciation rates and methods are as follows:

Office equipment – 20% straight line

REFORM SCOTLAND
NOTES ON THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2011

(f) Going Concern

Reform Scotland has incurred a deficit in the year to 31 March 2011 amounting to £25,548 which results in the company's current liabilities exceeding its total assets by £40,233. Reform Scotland does not have any long term liabilities. The Trustees have deemed the entity to be a going concern and have made sufficient disclosures concerning going concern in order to give a true and fair view.

2. DONATIONS & GIFTS

	2011	2011	2011	2010
	Unrest'd	Rest'd	Total	Total
	£	£	£	£
Donations	127,841	-	127,841	168,417
Gift Aid	24,602	-	24,602	17,597
	<u>152,443</u>	<u>-</u>	<u>152,443</u>	<u>186,014</u>

3. DIRECT CHARITABLE EXPENDITURE

	2011	2011	Total	Total
	Unrest'd	Rest'd	funds	funds
	£	£	2011	2010
	£	£	£	£
Events	6,623	-	6,623	33,023
Reports	10,990	-	10,990	12,156
Newspapers	2,479	-	2,479	2,452
Consultancy fees	33,386	-	33,386	23,250
Wages and salaries (Note 9)	87,991	-	87,991	82,152
Competition prizes	800	-	800	-
	<u>142,269</u>	<u>-</u>	<u>142,269</u>	<u>153,033</u>

REFORM SCOTLAND
NOTES ON THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2011

4. GOVERNANCE COSTS OF THE CHARITY

	2011	2010
	£	£
Rent	15,453	14,863
Telephone	1,145	1,132
Printing, stationery and postage	1,821	5,718
Computer & IT expenses	6,676	3,869
Travel and subsistence	1,572	1,627
Entertaining	572	734
Bank charges	548	491
Bank interest	936	503
Sundry expenses	1,563	274
Depreciation	1,871	1,871
Professional fees	2,815	2,257
Accounting fees	750	750
	<hr/>	<hr/>
	35,722	34,089
	<hr/> <hr/>	<hr/> <hr/>

5. TANGIBLE FIXED ASSETS

	Office Equipment £
Cost	
As at 1 April 2010	9,355
Additions	-
	<hr/>
As at 31 March 2011	9,355
	<hr/>
Depreciation	
As at 1 April 2010	3,520
Charge for the year	1,871
	<hr/>
At 31 March 2011	5,391
	<hr/>
Net Book Value	
As at 31 March 2011	3,964
	<hr/> <hr/>
As at 31 March 2010	5,835
	<hr/> <hr/>

REFORM SCOTLAND
NOTES ON THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2011

6. DEBTORS	2011	2010
	£	£
Sundry debtors	-	1,000
	<hr/>	<hr/>

7. CREDITORS: Amounts falling due within one year	2011	2010
	£	£
Bank overdraft	24,974	10,854
Taxation and social security	2,581	2,581
Other creditors and accruals	16,642	8,085
	<hr/>	<hr/>
	44,197	21,520
	<hr/>	<hr/>

8. MOVEMENTS IN FUNDS

	As at 1 Apr 10 £	Incoming £	Outgoing £	As at 31 Mar 11 £
Unrestricted Funds				
Income funds	(14,685)	152,443	(177,991)	(40,233)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Funds	(14,685)	152,443	(177,991)	(40,233)
	<hr/>	<hr/>	<hr/>	<hr/>

9. STAFF COSTS AND DIRECTORS' REMUNERATION	2011	2010
	£	£
Wages and salaries	79,409	74,198
Social security costs	8,582	7,954
	<hr/>	<hr/>
	87,991	82,152
	<hr/>	<hr/>

No director received remuneration during the year.

REFORM SCOTLAND
NOTES ON THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2011

10. COMPANY LIMITED BY GUARANTEE

In the event of the company being wound up the members agree to contribute such amount as may be required not exceeding £1.

11. RELATED PARTY TRANSACTIONS

The following directors made donations to Reform Scotland during the year to 31 March 2011:

B Thomson £25,000; Dan Macdonald £10,000.

No expenses were paid to any trustees during the year ended 31 March 2011 (2010 – nil) None of the trustees (or any other person connected with them) received any remuneration during the year