

REFORM SCOTLAND
(A company limited by guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

Company Registration Number: SC336414
Registered Charity Number: SC039624

REFORM SCOTLAND
CONTENTS

	Pages
Trustees' annual report	2 - 7
Auditor's report	8 - 10
Statement of financial activities	11
Balance sheet	12
Notes to the financial statements	13 - 17

**REFORM SCOTLAND
TRUSTEES' ANNUAL REPORT
LEGAL AND ADMINISTRATIVE INFORMATION**

The board of directors	B Thomson I d'Inverno A Haldenby (resigned 29/06/12) G Blackett (resigned 29/06/12) D Macdonald (resigned 29/06/12) P Biberbach (resigned 29/06/12) A Hammond-Chambers G Millar (resigned 29/06/12)
Company secretary	G Mawdsley
Registered office	The Executive Centre 7-9 North St David Street Edinburgh EH2 1AW
Accountants	Jamieson Campbell Kerr Limited Chartered Accountants 14-15 Main Street Longniddry EH32 0NF
Auditors	Brian Maloney Chartered Certified Accountant Statutory Auditor 15a West End West Calder EH55 8EH
Solicitors	Dundas & Wilson Saltire Court 20 Castle Terrace Edinburgh EH1 2EN

**REFORM SCOTLAND
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

The trustees have pleasure in presenting their report and the audited financial statements of the charitable company for the year ended 31 March 2013. 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.

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 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
TRUSTEES' ANNUAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2013**

Organisational structure (cont'd)

Members of the charitable company guarantee to contribute an amount not exceeding £1 in the event of a winding up. The total number of such guarantees at 31 March 2013 was 3.

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 performs the role of chief executive officer.

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 2013. It published five further major pieces of research during this year covering various aspects of public policy. All are available for free from www.reformscotland.com

Renewing Local Government (May 2012)

Commission on School Reform Interim Report (June 2012)

Patients First: Improving Access to GP Practices (September 2012)

An Equal Start: Fair Access to Nursery Provision (January 2013)

By Diverse Means: Improving Scottish Education (Final Report of the Commission on School Reform) (March 2013)

Devo Plus, the cross-party and non-party group set up by Reform Scotland in February 2012, has worked to develop and promote the proposal set out in Reform Scotland's report 'Devolution Plus'. This is based on the principle that each level of government should, as far as possible, be responsible for raising the money that it spends. This group published three reports during the year examining issues surrounding further powers for the Scottish Parliament and all are available on the Devo Plus website www.devoplus.com

A Stronger Scotland within the UK (May 2012)

Improving Social Outcomes in Scotland (September 2012)

A New Union (November 2012)

**REFORM SCOTLAND
TRUSTEES' ANNUAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2013**

Achievements and performance in year (cont'd)

In addition, in June 2012 Reform Scotland published polling on Devo Plus and attitudes to Scottish independence that had been carried out by Ipsos MORI.

In the coming year, further reports are planned covering public policy as it relates to further education colleges, road pricing and pension provision.

Bulletins

Reform Scotland also issued briefing notes analysing the online presence of public services (December 2012); examining the spending of quangos (December 2012) as well as an online survey of attitudes towards the school education system in Scotland (December 2012).

Written and oral evidence

In addition, Reform Scotland submitted written evidence to the Scottish Parliament's Local Government & Regeneration Committee on the Local Government Finance (Unoccupied Properties Etc.) Scotland Bill (April 2012) and to the Finance Committee on the Draft Budget 2013/14 (Aug 2012). Reform Scotland also submitted written and oral evidence to the Scottish Rural Commission (Oct 2012 and Jan 2013).

In May 2012, Reform Scotland also submitted written evidence to the Scottish Government's consultation, 'Your Scotland, Your Referendum.'

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.

In July 2012, in recognition of its work, Reform Scotland won the 'one to watch' at Prospect's annual think tank of the year awards in London. Reform Scotland also came third in the economic and financial category.

Reform Scotland was also involved in a number of events in conjunction with the work of the Commission on School Reform:

- In March 2013, the Commission on School Reform held a fringe meeting at the SNP's spring conference in Inverness.
- In March 2013, the Commission participated in an education question time event hosted by Brodies LLP.

**REFORM SCOTLAND
TRUSTEES' ANNUAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2013**

Achievements and performance in year (cont'd)

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 200 occasions over the past year and on over 700 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, the charitable company has focussed on widening its donor base. Additional donations have been obtained along with a clear plan to secure further donations. The directors, therefore, 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.

Statement of the trustees' responsibilities

The trustees (who are also directors of Reform Scotland for the purposes of company law) are responsible for preparing the Trustees' 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 policies of the Charities Statement of Recommended Practice (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 enable them to ensure 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).

**REFORM SCOTLAND
TRUSTEES' ANNUAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2013**

Statement of trustees' responsibilities (Cont'd)

The trustees 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

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 to re-appoint Brian Maloney & Co as auditor 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

.....
Ben Thomson

Approved by the Directors on

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF REFORM SCOTLAND

We have audited the financial statements of Reform Scotland for the year ended 31st March 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes on pages 11 to 17. 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) Regulations 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 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 6, the trustees (who are also directors of the 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.

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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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 and have been consistently applied and adequately disclosed; 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' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF REFORM SCOTLAND (CONT'D)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2013 and of its 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1(g) to the financial statements concerning the charitable company's ability to continue as a going concern. The charitable company made a surplus of £3,667 during the year ended 31 March 2013. At that date, the company's current liabilities exceeded its total assets by £39,830. These conditions, along with other matters detailed in Note 1(g), indicate the existence of a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the charitable company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' 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 and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

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

.....
Brian Maloney
(Senior Statutory Auditor)
for and on behalf of
Brian Maloney & Co,
Chartered Certified Accountants and Statutory Auditor
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 2013**

	NOTE	Unrestricted funds £	Total funds 2013 £	Total funds 2012 £
Incoming resources from				
Generated funds:				
Voluntary income				
Donations and gifts	2	174,957	174,957	179,134
Total incoming resources		<u>174,957</u>	<u>174,957</u>	<u>179,134</u>
Resources expended				
Charitable activities	3	134,780	134,780	143,951
Support costs	4	32,083	32,083	33,651
Governance costs	5	4,427	4,427	4,796
Total resources expended		<u>171,290</u>	<u>171,290</u>	<u>182,398</u>
Net incoming/(outgoing) resources before other recognised gains	11	3,667	3,667	(3,264)
Net movement in funds		<u>3,667</u>	<u>3,667</u>	<u>(3,264)</u>
Total funds brought forward		(43,497)	(43,497)	(40,233)
Total funds carried forward	8	<u>(39,830)</u>	<u>(39,830)</u>	<u>(43,497)</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 2013**

	NOTE	2013 £	2012 £
FIXED ASSETS			
Tangible fixed assets	6	222	2,093
		_____	_____
CREDITORS: Amounts falling due within one year	7	(40,052)	(45,590)
		_____	_____
NET CURRENT LIABILITIES		(40,052)	(45,590)
		_____	_____
NET LIABILITIES		(39,830)	(43,497)
		=====	=====
FUNDS			
Unrestricted	8	(39,830)	(43,497)
		_____	_____
TOTAL FUNDS		(39,830)	(43,497)
		=====	=====

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008) and were approved by the Board of Directors and signed on their behalf by:

.....
Ben Thomson

on

The notes on pages 13 to 17 form part of these financial statements.

**REFORM SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice; Accounting and Reporting for Charities (SORP 2005) and the Financial Reporting Standard for Smaller Entities (effective April 2008). The Trustees have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

(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) Operating leases

Operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

(d) 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.

(e) 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 expenditure 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.

(f) 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

Items costing over £100 and with a useful economic life of more than one year are capitalised.

REFORM SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2013

(g) Going concern

Reform Scotland earned a surplus of £3,667 in the year to 31 March 2013. However, the charitable company's current liabilities exceeding its total assets by £39,830. Reform Scotland does not have any long term liabilities. Additional funding is currently being sought which will enable the charitable company to continue in existence for the foreseeable future. The trustees are confident that this funding will be forthcoming. Therefore, 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

	2013 Unrest'd £	2013 Total £	2012 Total £
Donations	147,854	147,854	158,409
Gift Aid	27,103	27,103	20,725
	<u>174,957</u>	<u>174,957</u>	<u>179,134</u>

3. DIRECT CHARITABLE EXPENDITURE

	2013 Unrest'd £	Total funds 2013 £	Total funds 2012 £
Events	3,018	3,018	7,216
Reports	3,869	3,869	5,705
Newspapers	1,874	1,874	2,964
Consultancy fees	50,936	50,936	43,891
Wages and salaries (Note 10)	75,083	75,083	84,175
	<u>134,780</u>	<u>134,780</u>	<u>143,951</u>

**REFORM SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2013**

4. SUPPORT COSTS OF THE CHARITY

	2013	2012
	£	£
Rent	16,907	14,151
Telephone	367	930
Printing, stationery and postage	1,531	3,659
Computer and IT expenses	4,448	6,374
Travel and subsistence	3,291	2,528
Entertaining	704	968
Bank charges	611	566
Bank interest	1,016	1,160
Sundry expenses	1,337	1,444
Depreciation	1,871	1,871
	<u>32,083</u>	<u>33,651</u>

5. GOVERNANCE COSTS OF THE CHARITY

	2013	2012
	£	£
Professional fees	3,407	3,776
Accounting fees	1,020	1,020
	<u>4,427</u>	<u>4,796</u>

6. TANGIBLE FIXED ASSETS

	Office Equipment £
Cost	
As at 1 April 2012	9,355
Additions	-
As at 31 March 2013	<u>9,355</u>
Depreciation	
As at 1 April 2012	7,262
Charge for the year	1,871
At 31 March 2013	<u>9,133</u>
Net Book Value	
As at 31 March 2013	<u>222</u>
As at 31 March 2012	<u>2,093</u>

**REFORM SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2013**

7. CREDITORS: Amounts falling due within one year	2013	2012
	£	£
Bank overdraft	24,767	24,759
Taxation and social security	4,088	2,083
Other creditors	11,197	18,748
	<u>40,052</u>	<u>45,590</u>

8. MOVEMENTS IN FUNDS

	As at 1 Apr 12	Incoming	Outgoing	As at 31 Mar 13
	£			£
Unrestricted Funds				
General funds	(43,497)	174,957	(171,290)	(39,830)
Total Funds	<u>(43,497)</u>	<u>174,957</u>	<u>(171,290)</u>	<u>(39,830)</u>

9. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund
	£
Fund Balances as at 31 March 2013 are represented by:	
Tangible fixed assets	222
Current liabilities	(40,052)
Net liabilities	<u>(39,830)</u>

10. STAFF COSTS AND DIRECTORS' REMUNERATION

	2013	2012
	£	£
Wages and salaries	67,799	76,065
Social security costs	7,284	8,110
	<u>75,083</u>	<u>84,175</u>

No director received remuneration during the year. No employees received emoluments over £60,000 during the year. The average number of employees during the year was 2 (2012 – 2).

**REFORM SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2013**

11. NET INCOMING/(OUTGOING) RESOURCES

	2013	2012
	£	£
This is stated after charging:		
Depreciation	1,871	1,871
Auditor's remuneration	1,500	2,340
	<hr/>	<hr/>

The auditor did not receive reimbursement of expenses or remuneration for any non-audit services.

12. FINANCIAL COMMITMENTS

	2013	2012
	£	£
Property		
Operating leases which expire in:		
Less than one year	15,408	15,408
	<hr/>	<hr/>

13. 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.

14. TAXATION

The company, being a charity, is eligible for exemption from tax on income under section 478 of the Corporation Tax Act 2010.

15. TRUSTEES' REMUNERATION AND RELATED PARTY TRANSACTIONS

The following directors made donations to Reform Scotland during the year to 31 March 2013:

Ben Thomson £10,650; Dan Macdonald £10,000; Alex Hammond-Chambers £11,000.

During the year Ben Thomson received £403 as reimbursement of expenses (2012 – two directors received reimbursements of expenses totalling £298).

None of the trustees (or any other person connected with them) received any remuneration during the year (2012- nil).

There were no other transactions or contracts entered into by the charity in which any trustee or other person related to the charity had any personal interest in the year (2012 – nil).