

REGISTERED COMPANY NUMBER: SC461352 (Scotland)
REGISTERED CHARITY NUMBER: 048086

**Report of the Trustees and
Unaudited Financial Statements for the Year Ended 31 March 2019
for**

Scottish Rural Action

The Kelvin Partnership Ltd
Chartered Accountants
The Cooper Building
505 Great Western Road
Glasgow
G12 8HN

Scottish Rural Action

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for the Year Ended 31 March 2019**

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Scottish Rural Action

Report of the Trustees for the Year Ended 31 March 2019

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2019. The trustees have adopted the provisions of 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 (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The company supports and promotes the advancement of citizenship and community development, including rural regeneration and civic responsibility. To this end, the company carries out activities: To encourage and actively support the development of an inclusive and sustainable Scottish rural movement that is rooted in Scotland's rural communities and empowers and connects them. To support the organisation of a Scottish Rural Parliament that meets with the purpose of giving a stronger, more coherent voice to Scotland's rural communities and enabling them to engage more effectively with government at all levels. To support and promote the development of a Scottish rural movement and Parliament.

The 10-year strategic plan developed early 2017 following engagement with members and stakeholder identified two outcomes.

OUTCOME 1: There is a powerful voice for the diverse people and communities of rural Scotland, particularly those not already represented by other interests, to assure that policy and decision-making meets the needs of rural Scotland.

OUTCOME 2: Scottish Rural Action will be a sustainable, independent and effective organisation with a clear vision for our future.

2018-2019 was fairly pivotal for SRA at an Operational and Strategic level. The Board of Directors identified a number of key activities that SRA would undertake in driving the organisation forward. These include amongst other things:

A comprehensive review of the Organisations Action Plan and Strategic Plan; 2018;

A role out of our volunteering programme at a local and national level concentrating on a number of issues including campaigning (around homelessness and mental health in particular) advocacy and practical experience in running workshops and conferences;

Co-ordinating a number of campaigns - again locally and nationally - around issues that impact severely on rural communities. This includes building on our participation in and contribution last year, to a Select Committee discussion at Westminster on Rural banking. Through our campaigning online we managed to overturn the decisions to close two banks in rural areas. We also participated in the Scottish Affairs Committee's enquiry into Access to Cash. Our "Rural Homes - Rural Lives" campaign raised the issues of lack of affordable housing and homelessness in rural communities with the statutory agencies. Our Rural Transport Convention held in Inverness over two days in (TBC) with over 70 stakeholders in attendance highlighted a number of issues that have been brought to the attention of a number of statutory agencies including Scottish Government;

A detailed piece of work on the potential impact of Brexit on Scottish rural communities that included 18 events in rural Scotland - engaging the biennial meeting of the Scottish Rural Parliament on November 2018 - and being formally launched in Elgin in January 2019. The formal report which was warmly received by a variety of stakeholders (including UK and NI grassroot networks) had 1,500 people participating online and in excess of 650 having face to face discussions;

Holding our third Bi-annual Scottish Rural Parliament in Stranraer in November 2018 that brought together in excess of 400 rural activists, stakeholders and decision-makers to inspire, influence and debate issues that are of matter to Scottish Rural Communities; and

Seeking to advise stakeholders on the added value that Scottish Rural Action can bring which resulted in amongst other things the Rural Parliament being included within the Scottish Governments Programme for Government 2018 - 2019.

Scottish Rural Action

Report of the Trustees for the Year Ended 31 March 2019

Two issues in particular had a significant bearing on the direction of travel of the organisation in the early part of 2019. Staff "churning" and uncertainty around core funding in the new financial year. The trustees decided to embark on a process of self-evaluation focussing on SRA's historical effectiveness and relevance going forward. This process will conclude in the coming year.

In addition, Scottish Government announced towards the end of the year, that it will commission an independent evaluation of SRA in order to consider value for money since the organisation's inception in 2014. This is expected to conclude in June 2019.

FINANCIAL REVIEW

Financial Review

There is always a significant difference in our turnover depending on if the accounts are for a year in which the Rural Parliament takes place and there is a notable difference in both income and expenditure between 2017-2018 and 2018-2019 for this reason.

The Scottish Government remains the primary core funder for Scottish Rural Action and this is noted as a significant risk to the organisation. The trustees recognise the need to diversify SRA's income and during the year were successful in funding bids to Voluntary Action Fund and to Scottish Government for restricted project funds to carry out a Brexit Stakeholder Engagement project which fed into the Scottish Rural Parliament. Other income was in the form of sponsorship and exhibitor and participant fees for the Scottish Rural Parliament which is not funded by the Scottish Government. The trustees are grateful for the support from all sponsors, funders, delegates and exhibitors.

Reserves policy

Scottish Rural Action usually seeks to retain reserves the equivalent of three months operating costs and sufficient to meet our obligations in full upon making a decision to close the organisation. At 31 March 2018 this was £40,000. However, due to recent staff resignation and the decision by the trustees in February 2019 to self-evaluate SRA's effectiveness and relevance going forward, SRA held £69,938 of free reserves after final adjustments at 31 March 2019. At that date, SRA had no confirmation of core funding for 2019-2020 from Scottish Government and the trustees reflected that this was an opportunity to re-shape SRA as an organisation and the free reserves at 31 March 2019 would sustain SRA during this process.

FUTURE PLANS

The gap in staffing provides an opportunity for the trustees to focus on re-shaping SRA as an organisation. The self-evaluation process will continue as trustees consider how best to serve rural communities in Scotland.

The trustees also welcome the evaluation commissioned by Scottish Government and await its findings with interest. It is expected that any recommendations will also guide the trustees on the future shape of SRA.

In March 2019, the board agreed to create an executive committee on a temporary basis to allow SRA's operations to continue on a limited basis. The executive committee comprised 3 trustees and will remain in place until completion of Scottish Government's evaluation process expected in June.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

To reflect our new strategic aims, it was recognised that SRA would benefit from charitable status and at the conference in September 2017, the membership voted to amend the articles of association and to apply to OSCR for registration as a charity. Charitable registration was awarded to SRA on 22 January 2018.

Charitable registration presented additional responsibilities to the governance of SRA and highlighted the need to recruit additional trustees with charitable experience. Looking forward to next year, SRA aims to review the skills needed for the Board of Trustees and develop the trustee recruitment process in order to formalise this and to target appropriate skills and experience. As part of this, there will be a focus throughout the year on the roles and responsibilities of the Board of trustees.

The charity is controlled by its governing document, articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Scottish Rural Action

**Report of the Trustees
for the Year Ended 31 March 2019**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Staffing structure

At the end of February 2019, Emma Cooper left SRA to embark on a new adventure in mainland Europe. Trustees and staff, thank Emma for her hard work and commitment over the years and wish her well.

As there was no secured funding after 31 March 2019, the board of trustees carried out a recruitment process to fill the CEO role on an interim basis. This process proved unsuccessful and the board agreed to create an executive committee on a temporary basis to allow SRA's operations to continue. The executive committee comprised 3 trustees and would remain in place until completion of Scottish Government's evaluation process in June.

At the end of September 2018, Paul Daly left for pastures new. The trustees thank him for his contribution and wish him well in his new role. As SRA was focussing on preparations for the Scottish Rural Parliament, the trustees decided to postpone recruitment to this role until after the event. Recruitment was then put on hold until after a new CEO had been recruited.

The staffing structure of SRA during the year was as follows:

Chief Executive - Emma Cooper (1 FTE) until the end of February 2019 thereafter, vacant.

Volunteer & Campaigns Coordinator - Fiona Thompson (0.6FTE)

Policy & Communications Officer - Paul Daly (0.5FTE) until the end of September 2018 thereafter, vacant.

Finance & Administration Officer - Barbara Grieve (0.2FTE)

At 31 March 2019 SRA operational staffing was 0.8 FTE out of 2.3 FTE.

Induction and training of new trustees

New members of the Board attend an induction meeting and are provided with an initial information pack containing previous minutes of Board meetings and literature associated with the business of the organisation. The Trustees receive ongoing, appropriate training by attendance at organisational development days, governance training as part of regular board meetings and other volunteer development sessions.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. To strengthen governance and due diligence, in January 2019 the board decided to create a new compliance and risk committee, chaired by one of the new board members with a strong background in compliance and risk. Existing procedures and policies, as well as the existing risk register were reviewed and improved, with additional policies and a new risk management strategy agreed. All board members were given compliance and risk and GDPR (General Data Protection Regulation) training to improve overall knowledge and ensure compliance with legislation.

The trustees consider the greatest risk to SRA at 31 March 2019 is the absence of secured core funding. This report is updated some months after the year end and with that in mind the trustees wish to clarify the subsequent position regarding finance and risk.

As time without core funding has progressed since the year end and the independent evaluation commission by Scottish Government was unavoidably delayed, the risk increased. The trustees' prudence in maintaining an appropriate level of reserves has proven valuable. The trustees also recognise the useful contribution Scottish Government has made to ensure SRA can continue with some of its work for rural communities. The trustees are grateful for Scottish Government's solid and continued support after the year end.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC461352 (Scotland)

Registered Charity number

048086

Registered office

The Cooper Building
505 Great Western Road
Glasgow
Strathclyde
G12 8EN

Scottish Rural Action

Report of the Trustees
for the Year Ended 31 March 2019

REFERENCE AND ADMINISTRATIVE DETAILS


Trustees

Mrs A K Burgauer	
Ms R Dawes	- resigned 19.1.19
Ms A V Halhead	
G S M Harrison	
L Haxton	- resigned 14.8.18
Ms A M Macleod	
Ms M Williams Edgar	- resigned 28.11.18
Mrs H M Houston	- resigned 16.5.18
Mrs S K Boyd	
S Lloyd Sloan	- appointed 31.8.18
	- resigned 23.3.19
C Taylor	- appointed 16.11.18
S B Horner	- appointed 16.11.18
P A Kennedy	- appointed 16.11.18
K Dams	- appointed 16.11.18

Independent examiner

Raymond Henry FCA
The Kelvin Partnership Ltd
Chartered Accountants
The Cooper Building
505 Great Western Road
Glasgow
G12 8HN

Approved by order of the board of trustees on 23 December 2019 and signed on its behalf by:



Mrs S K Boyd - Trustee

**Independent Examiner's Report to the Trustees of
Scottish Rural Action**

I report on the accounts for the year ended 31 March 2019 set out on pages six to eleven.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity's trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under Section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of the independent examiner's report

My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - to prepare accounts which accord with the accounting records and to comply with Regulation 8 of the 2006 Accounts Regulations

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Raymond Henry FCA
The Kelvin Partnership Ltd
Chartered Accountants
The Cooper Building
505 Great Western Road
Glasgow
G12 8HN

23 December 2019

Scottish Rural Action

Statement of Financial Activities
for the Year Ended 31 March 2019

	Notes	Unrestricted fund £	Restricted funds £	31.3.19 Total funds £	31.3.18 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies		2,576	-	2,576	-
Charitable activities					
Grants		125,500	31,990	157,490	146,072
Other trading activities	2	35,823	-	35,823	5,945
Total		<u>163,899</u>	<u>31,990</u>	<u>195,889</u>	<u>152,017</u>
EXPENDITURE ON					
Charitable activities		138,980	31,990	170,970	107,066
NET INCOME		<u>24,919</u>	<u>-</u>	<u>24,919</u>	<u>44,951</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		45,019	-	45,019	68
TOTAL FUNDS CARRIED FORWARD		<u><u>69,938</u></u>	<u><u>-</u></u>	<u><u>69,938</u></u>	<u><u>45,019</u></u>

The notes form part of these financial statements

Scottish Rural Action

Balance Sheet
At 31 March 2019

	Notes	Unrestricted fund £	Restricted funds £	31.3.19 Total funds £	31.3.18 Total funds £
CURRENT ASSETS					
Cash at bank and in hand		71,258	-	71,258	46,352
CREDITORS					
Amounts falling due within one year	7	(1,320)	-	(1,320)	(1,333)
NET CURRENT ASSETS		<u>69,938</u>	<u>-</u>	<u>69,938</u>	<u>45,019</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		69,938	-	69,938	45,019
NET ASSETS		<u>69,938</u>	<u>-</u>	<u>69,938</u>	<u>45,019</u>
FUNDS					
Unrestricted funds	8			69,938	45,019
Restricted funds				-	-
TOTAL FUNDS				<u>69,938</u>	<u>45,019</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2019 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

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

The financial statements were approved by the Board of Trustees on 23 December 2019 and were signed on its behalf by:



Mrs S K Boyd - Trustee

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 March 2019

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

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 a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 33% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2. OTHER TRADING ACTIVITIES

	31.3.19	31.3.18
	£	£
Sponsorships	26,969	1,158
Exhibitor fees	2,000	600
Participants fees	6,854	645
Community Jobs Scotland	-	3,542
	<u>35,823</u>	<u>5,945</u>

Scottish Rural Action

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

3. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.19	31.3.18
	£	£
Independent examination fee	<u>1,560</u>	<u>1,320</u>

4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2019 nor for the year ended 31 March 2018.

Trustees' expenses

During the year to 31 March 2019 £5,444 (2018-£791) was reimbursed in expenses to the trustees.

5. STAFF COSTS

The average monthly number of employees during the year was as follows:

31.3.19	31.3.18
<u>4</u>	<u>4</u>

No employees received emoluments in excess of £60,000.

6. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 April 2018 and 31 March 2019	<u>1,234</u>
DEPRECIATION	
At 1 April 2018 and 31 March 2019	<u>1,234</u>
NET BOOK VALUE	
At 31 March 2019	<u>-</u>
At 31 March 2018	<u>-</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.19	31.3.18
	£	£
Tax	-	13
Accrued expenses	<u>1,320</u>	<u>1,320</u>
	<u>1,320</u>	<u>1,333</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

8. MOVEMENT IN FUNDS

	At 1.4.18 £	Net movement in funds £	At 31.3.19 £
Unrestricted funds			
General fund	45,019	24,919	69,938
TOTAL FUNDS	<u>45,019</u>	<u>24,919</u>	<u>69,938</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	163,899	(138,980)	24,919
Restricted funds			
Brexit Stakeholder Engagement Fund	25,000	(25,000)	-
Voluntary action Fund	6,990	(6,990)	-
	<u>31,990</u>	<u>(31,990)</u>	<u>-</u>
TOTAL FUNDS	<u>195,889</u>	<u>(170,970)</u>	<u>24,919</u>

Comparatives for movement in funds

	At 1.4.17 £	Net movement in funds £	At 31.3.18 £
Unrestricted Funds			
General fund	68	44,951	45,019
TOTAL FUNDS	<u>68</u>	<u>44,951</u>	<u>45,019</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	152,017	(107,066)	44,951
TOTAL FUNDS	<u>152,017</u>	<u>(107,066)</u>	<u>44,951</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

8. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.17 £	Net movement in funds £	At 31.3.19 £
Unrestricted funds			
General fund	68	69,870	69,938
TOTAL FUNDS	<u>68</u>	<u>69,870</u>	<u>69,938</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	315,916	(246,046)	69,870
Restricted funds			
Brexit Stakeholder Engagement Fund	25,000	(25,000)	-
Voluntary action Fund	6,990	(6,990)	-
	<u>31,990</u>	<u>(31,990)</u>	<u>-</u>
TOTAL FUNDS	<u>347,906</u>	<u>(278,036)</u>	<u>69,870</u>

9. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2019.

Scottish Rural Action

Detailed Statement of Financial Activities
for the Year Ended 31 March 2019

	31.3.19 £	31.3.18 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	2,576	-
Other trading activities		
Sponsorships	26,969	1,158
Exhibitor fees	2,000	600
Participants fees	6,854	645
Community Jobs Scotland	-	3,542
	<u>35,823</u>	<u>5,945</u>
Charitable activities		
Grants	157,490	146,072
Total incoming resources	<u>195,889</u>	<u>152,017</u>
EXPENDITURE		
Charitable activities		
Wages	66,787	72,740
Pensions	3,811	786
Insurance	554	538
Telephone and communications	1,993	28
Postage and stationery	420	420
Advertising	3,727	2,318
Sundries	(13)	-
Consultancy	24,492	100
Directors travel and subsistence	5,444	3,706
Regional events	-	7,548
Other events	2,822	2,039
Uist Project	5,500	-
Staff travel and subsistence	16,291	14,183
Voluntary Action Fund	-	1,280
Legal and professional	470	-
Training	220	-
Conference costs	34,889	-
	<u>167,407</u>	<u>105,686</u>
Support costs		
Management		
Bank charges	66	60
Governance costs		
Independent examination fee	1,560	1,320
Board meeting expenses	1,937	-
	<u>3,497</u>	<u>1,320</u>
Total resources expended	<u>170,970</u>	<u>107,066</u>

This page does not form part of the statutory financial statements

Scottish Rural Action

**Detailed Statement of Financial Activities
for the Year Ended 31 March 2019**

	31.3.19 £	31.3.18 £
Net income	<u>24,919</u>	<u>44,951</u>

This page does not form part of the statutory financial statements