

**EVALUATION SUPPORT SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2008**

**Charity no: SC036529
Company no: SC284843**

EVALUATION SUPPORT SCOTLAND

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EVALUATION SUPPORT SCOTLAND

Legal and administrative information

Evaluation Support Scotland is a charitable company. It was incorporated on 16 May 2005 as a company limited by guarantee. It received recognition as a Scottish Charity on 25 May 2005. It is governed by a Memorandum and Articles of Association.

Registered office (until 18 September 2007)

Riverside House
502 Gorgie Road
Edinburgh
EH11 3AF

Registered office (from 19 September 2007)

Thorn House
5 Rose Street
Edinburgh
EH2 2PR

Trustees

John Arthur
Mary Craig
Martin Crewe
Fraser Falconer - Convenor
Dr Sam Gardner (appointed 12 November 2007)
Marion Lacey
Ewan Malcolm (appointed 1 October 2007)
Maureen McGinn (resigned 1 October 2007)
Professor Linda McKie – Treasurer until 1 January 2008
Dr Nicola Richards
Fiona Rogan
Rev Jayne Scott – Treasurer from 1 January 2008
Dr Sue Warner (appointed 1 October 2007)
Dr Erica Wimbush (resigned 1 October 2007)

The directors of the charitable company, who are its trustees for the purposes of charity law, are collectively referred to throughout this report as trustees.

Company Secretary and Chief officer: Steven Marwick
(Known as Director)

Other current staff:

Jennifer Challinor, Administration and Information Officer
Diane Kennedy, Evaluation Support Officer
Jacqueline McDowell, Evaluation Support Officer
Anne Morrison, Training Officer

Auditors

Geoghegan & Co.
Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

EVALUATION SUPPORT SCOTLAND

Trustees' annual report for the year ended 31 March 2008

The trustees of Evaluation Support Scotland (ESS), who are also directors for the purposes of company law, present their report and the audited financial statements for the period from 1 April 2007 to 31 March 2008.

Structure, Governance and Management

Appointment of trustees

Two trustees retired this year and three new trustees were recruited through open advert. A pack of materials including terms of reference for the board and a role description for individual trustees was provided to applicants. Applications are made by application form. A shortlist of candidates was selected and interviewed by a panel of existing trustees. Trustees all have the skills set out in the role description and the board has also ensured that it contains a mix of trustees with experience of funding voluntary organisations, of working in the voluntary sector and of evaluation theory and practice. Trustees are normally appointed for 3 years and can serve a maximum of 6 years. A rota system for retirement is in place.

The feedback from ongoing consultation and a major stakeholder conference in August 2007 enables ESS to ensure appropriate and relevant involvement and feedback from its stakeholders.

Induction and training for Trustees

New trustees receive an induction pack and induction with the director (who is also the company secretary). An away day for trustees and staff took place in October 2007 which focussed on determining the strategic direction of the organisation for the next 3 years. The trustee handbook was updated this year for all trustees and incorporates good practice guidance from OSCR.

Operations of the board

The board operates to terms of reference. The board conducts its business through regular meetings (2 months). The board met 7 times throughout the year and also had an away day. The board currently has two standing committees: Finance and Human Resources. Individual trustees are identified as lead trustees for specific projects. A short life working group of trustees met to oversee the writing of the strategic plan 2008-2011.

Trustees also follow an agreed policy on conflicts of interest. A register of interest is held and regularly reviewed and specific interests are declared at the start of each board meeting.

EVALUATION SUPPORT SCOTLAND

Trustees' annual report for the year ended 31 March 2008 (continued)

Risk Policy

The trustees have examined the major governance, operational, financial, reputational, environmental and legal risks which the charity faces and confirm that there are policies, procedures and contingencies in place to manage and reduce these risks. The risk register is reviewed annually and the board receives regular reports on the management of significant risks.

Staff members are aware of the key risks already identified. A project management system including specific risk review is used when embarking on major new projects.

Objectives and activities

Charitable objects

ESS's charitable objects are as follows:

1. To advance education by promoting learning about evaluation and the results of evaluation as a process which can be used to improve the delivery of services for people in necessitous circumstances throughout Scotland; and in support of that object but not otherwise:
 - (i) to encourage life long learning and education through the involvement of service users in the delivery and improvement of services;
 - (ii) to provide advice and support for charities and other organisations undertaking or funding charitable work about undertaking and learning from evaluation of their activities;
 - (iii) to support charities and other organisations undertaking or funding charitable work in delivering better services to people in necessitous circumstances including, but without prejudice to the generality, young people, older people, unemployed people, disabled people, people suffering from health or social problems, people living in disadvantaged neighbourhoods and people from minority ethnic communities;
 - (iv) to improve the delivery of services for people in necessitous circumstances by encouraging funders, voluntary organisations and others to work together to reduce bureaucracy and implement learning about effective service delivery;
 - (v) to encourage Government and other agencies to learn from the results of evaluation and thus make better use of resources for the benefit of the public.
2. To promote such other purposes, objects or institutions as are charitable in law and in such proportions and manner as the trustees shall think fit.

EVALUATION SUPPORT SCOTLAND

Trustees' annual report for the year ended 31 March 2008 (continued)

In order to deliver the charitable objects, ESS has developed a logic model. This is a validated model of planning and delivery which ensures a link between activities and outcomes. ESS's logic model derives from 3 years of research and consultation and can be expressed as follows:

- Voluntary organisations and charities need to deliver the very best services they can in order to meet their own charitable objectives.
- In order to do this they need to evaluate and learn from their own practice and also from wider research evidence.
- However many voluntary organisations and charities voluntary groups and those who fund them have difficulty in developing the understanding, skills and resources to undertake evaluation and to learn from it. In addition the demands of monitoring, with an emphasis on accountability and process, make it difficult for groups and funders to focus on evaluation for learning.

ESS's 3 year plan details its mission, values, outcomes and activities that are set in order to meet the identified need. Annual plans are also developed to refine the business plan and build in ongoing learning to the business model. This was the third year of the plan.

Mission and values

ESS works with voluntary organisations and funders so that they can measure their impact, report on the difference they make and improve their services.

ESS's values that underpin its work are:

- To work openly and fairly and wherever possible in positive partnership with others.
- To be friendly and accessible and work in a way that meets people's different needs and abilities.
- To promote learning by using and helping others to use evaluation to improve the delivery of services for communities.
- To promote a culture of honesty so that a fair appraisal of the weaknesses of a piece of work leads to learning and understanding and not punishment.
- To use whatever methods are most appropriate to learn, and not be wedded to one particular evaluation approach.
- To promote a culture of learning within ESS itself, including undertaking regular evaluations of our own work and learning from our successes and weaknesses.
- To seek to resolve tensions and conflict directly and collaboratively. If a specific issue arises which cannot be resolved by direct dialogue, the issue is referred to independent mediation.

EVALUATION SUPPORT SCOTLAND

Trustees' annual report for the year ended 31 March 2008 (continued)

Outcomes and activities

ESS's outcomes are as follows:

- Voluntary organisations and funders have increased skills and knowledge to evaluate their work.
- Voluntary organisations and funders have increased ability to incorporate learning from evaluation to improve their services.
- Voluntary organisations deliver better services as a result of learning from evaluation.
- Voluntary organisations and funders spend less time and resources on ineffective monitoring.

A 5th internal outcome is that ESS is a well run organisation and a good place to work.

In order to achieve these outcomes, ESS:

- Builds the evaluation capability of voluntary organisations. We run workshops and tailored support so that organisations build evaluation into their day to day practice.
- Build a culture of evaluation and learning by tackling the barriers and promoting the learning about and from evaluation. We help funders improve their systems so that they can more easily gather evidence about the difference their funds are making. We take action to build evaluation and learning into policy-making processes.

Main activities and achievements

ESS collects appropriate information about its work with clients on a database and in paper files. Progress towards the ESS outcomes is measured using before and after assessments and client feedback. ESS also follows up workshop delegates and organisations who receive 1-1 support after their intervention to find out whether any changes have been sustained.

The following is a summary list of ESS's achievements:

- We provided evaluation support to 303 voluntary organisations. This was a 33% increase on last year.
- 394 people from 184 organisations attended a workshop. We ran 44 workshops in total. 102 organisations received tailored face-to-face support. We also provided support through our telephone and email helpdesk service.

EVALUATION SUPPORT SCOTLAND

Trustees' annual report for the year ended 31 March 2008 (continued)

Main activities and achievements (continued)

- We launched our new website resulting in increased traffic and positive feedback. The website contains evaluation resources and a database of consultants for external evaluations.
- More than 9 out of 10 organisations which received face-to-face support showed increased skills and knowledge to evaluate their work. This means they can articulate the outcomes of their work, they have monitoring and evaluation systems in place, they have set up new ways to collect information, they are analysing the impact of their work and they are improving the reports they produce.
- The before and after self-assessment on our workshops showed that 91% of workshop participants increased their skills and knowledge on evaluation. We received further feedback 3-6 months after the workshops from 1 in 5 participants. They provided specific examples of how they were implementing their learning. We made some minor improvements to our workshops as a result of feedback and learning.
- We ran a workshop on evaluation for staff at the Office of the Scottish Charity Regulator. We also piloted a workshop on governance and evaluation for trustees of charities.
- We provided evaluation support to women's aid groups across Scotland. This resulted in improved understanding within the groups of the difference their work is making to children and young people's lives. It also improved reporting to the Scottish Government of the impact of funding provided and helped the Scottish Government decide to continue that funding.
- We delivered an evaluation support contract with Laidlaw Youth Trust. The Trust funds a 'bank' of evaluation support time for their funded charities. This is building evaluation skills and improved reporting amongst youth charities funded by the Trust. The work is helping to increase understanding about effective youth work practice amongst charities and funders.
- We worked with the Scottish Council for Voluntary Organisations to design an evaluation framework for the Supporting Voluntary Action funding for CVS. This will in time generate significant learning and improvements to voluntary sector infrastructure.
- We ran a learning set on evaluation for the Scottish Centre for Regeneration which built skills amongst regeneration practitioners and influenced the future direction of learning support on regeneration.

EVALUATION SUPPORT SCOTLAND

Trustees' annual report for the year ended 31 March 2008 (continued)

Main activities and achievements (continued)

- We contributed to Health Scotland's work to build understanding about how best to measure community-led health promotion work. This is an ongoing project and should in time lead to changes in commissioning and better services for communities.
- We worked with the Lloyds TSB Foundation's Partnership Drugs Initiative to help them aggregate the learning from individual funded projects providing intensive support to young people affected by substance misuse. This allowed the PDI to conclude that their funding is delivering positive outcomes for young people and improved their understanding about those outcomes. The project also helped them identify a number of changes in their support for and communication with funded projects and improvements in their own information recording systems.
- We worked with 11 funders who are members of the Scotland Funders Forum. We helped them assess their approach to and systems for monitoring and evaluation against the principles of the Evaluation Declaration which we launched last year. The exercise generated intelligence about approach to monitoring and evaluation and examples of good practice and a list of common areas for improvement which we shared amongst funders. We presented general findings to all members of the Scotland Funders Forum and to a public conference. The tool is available on our website.
- We undertook other activities to harmonise monitoring and evaluation between funders including working with members of the Funders Forum to create a standard presentation on monitoring and evaluation and participating in research by New Philanthropy Capital on common reporting by charities with different funders.
- We held a successful conference in August to promote what we had learned about evaluation support and gather ideas for the future. 92 delegates attended and 87 provided written feedback.

Financial review

ESS's total incoming resources amounted to £249,394 in 2007/08 (2006/07 - £182,608). This consisted of:

- A core grant of £100,777 from the Scottish Government Third Sector Division.

EVALUATION SUPPORT SCOTLAND

Trustees' annual report for the year ended 31 March 2008 (continued)

Financial review (continued)

- A grant of £47,856 from the Big Lottery Fund which is a restricted fund towards the cost of providing evaluation support to the voluntary sector. Of this £3,970 related to April 2008. A payment of £3,629 received in 2006/07 but relating to April 2007 was carried into this year. This means the total recognised income for 2007/08 was £47,515 (2006/07 - £39,916).
- A restricted Access to Work grant of £264 from the Department of Work and Pensions to pay for software training.
- A contract from the Scottish Centre for Regeneration of £6,084 to run the Measuring What Matters Regeneration Collaborative (learning set).
- Income earned from other charitable activities including training, contracts and bank interest totalling £91,032.

Value Added Tax

ESS's level of income received for providing services as defined by legislation on VAT exceeded this limit this year. We registered for VAT from 1 November 2007 and now charge VAT on all of our services.

Policy on earned income

ESS's grant income enables it to provide a basic time limited free service to any voluntary organisation which requires it. This time limit amounts to about half a day of free support. As it is not possible to provide a limitless free service trustees have resolved the following policy on charging for services to cover the immediate and ongoing costs of providing these services.

- A charge is made for attending workshops. Follow up support is free.
- Organisations which require more than half day of support are charged a daily rate designed to cover the staff and administration costs of providing service or providing backfill for core staff.
- A service to funders involving bespoke evaluation support for their funded organisations is also charged.

ESS has the flexibility to offer more free support for some organisations where there is a broader strategic benefit in relation to our charitable objectives.

EVALUATION SUPPORT SCOTLAND

Trustees' annual report for the year ended 31 March 2008 (continued)

Reserves policy

The Trustees are of the opinion that ESS should hold free reserves (being unrestricted funds excluding fixed assets) of at least 3 months budgeted expenditure. Free reserves were £91,168 at 31 March 2008 (31 March 2007 - £34,445). ESS's budgeted expenditure for 2008/2009 is £256,504. This means that ESS now holds in excess of the minimum required level of free reserves. The Trustees believe this is prudent because ESS is still growing and the Big Lottery Fund grant will end next year.

Designated funds

The board has designated a fund of £8,000 for planned expenditure on IT and Database development.

Plans for future periods

A strategic plan for the period 2008 to 2011 has been approved by the board. The main activities for the coming year 2008/09 are as follows:

- Increase the evaluation capability of at least 200 voluntary organisations through at least 100 free support sessions and 40 workshops.
- Deliver at least two evaluation support accounts for funders (including Laidlaw Youth Trust) to build capability and share learning about what works.
- Work with Inspiring Scotland to develop and start to implement the evaluation strategy for the Fund.
- Work with SCVO to evaluate the impact of Support Voluntary Action Fund and share learning about and improve the effectiveness of capacity building.
- Work with Health Scotland and others to share learning from and about the evaluation of community-led health improvement work.
- Work with Community Food and Health Scotland to build the evaluation capability and share learning from and about effective evaluation.
- Scope a programme to work with intermediaries to promote ESS and build the ability of intermediaries to provide evaluation support to their members.
- Work with the Scottish Government on appropriate measurement systems to improve understanding of the contribution of the voluntary sector.
- Promote the Evaluation Declaration and health check and work with 2 other funders and Government to implement best practice.

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Trustees' annual report for the year ended 31 March 2008 (continued)

- Improve ESS's own monitoring and evaluation systems by implementing a new database, reviewing our logic model and theory of change and sharing examples how organisations are doing and learning from evaluation.

Future funding

ESS secured core funding of £350,000 with the Scottish Government for 2008-2011. The funding is in the form of a strategic partnership.

2008/09 is the final year of a 3 year grant from the Big Lottery Fund which will not be renewed. Plans are in place to replace this funding from increased earned income and agreements with other funders.

The trustees 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).

Statement of Trustee's responsibilities

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the affairs of the charity as at the balance sheet date and of its incoming resources and application of resources, including the net income or expenditure, for the year. 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; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The trustees are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The trustees 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

EVALUATION SUPPORT SCOTLAND

Trustees' annual report for the year ended 31 March 2008 (continued)

Statement of disclosure to the auditors

In so far as the trustees are aware:

- (a) there is no relevant audit information of which the charitable company's auditors are unaware, and;
- (b) they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors and trustees

The trustees, who are also directors for the purpose of company law, who served during the period and up to the date of this report are listed on page 2.

Under the terms of the Articles of Association all the trustees were required to retire from office at the first AGM and, being eligible for reappointment, were reappointed by the members. At each subsequent AGM, one third of trustees (the longest serving trustees) must retire from office. Accordingly, Fiona Rogan, Marion Lacey and Martin Crewe will stand down at the AGM in 2008.

Auditors

A resolution proposing the re-appointment of Geoghegan & Co, Chartered Accountants, as auditors of the company will be placed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with *the Statement of Recommended Practice – Accounting and Reporting by Charities* (March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the trustees on 21 July 2008 and signed on their behalf by:

.....

Trustee

EVALUATION SUPPORT SCOTLAND

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVALUATION SUPPORT SCOTLAND

We have audited the financial statements of Evaluation Support Scotland for the year ended 31 March 2008 on pages 15 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's 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 Trustees' Responsibilities, the trustees (who are also the directors of Evaluation Support Scotland for the purposes of company law) are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

EVALUATION SUPPORT SCOTLAND

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVALUATION SUPPORT SCOTLAND (Continued)

Basis of opinion (continued)

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 March 2008, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Geoghegan & Co
Chartered Accountants and
Registered Auditors

21 July 2008

EVALUATION SUPPORT SCOTLAND

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) for the year ended 31 March 2008

	Notes	Un- restricted £	Restricted £	Total 2008 £	Total 2007 £
Incoming resources					
<i>Incoming resources from charitable activities:</i>					
Grants	3	102,707	47,779	150,486	152,829
Training and project income	4	93,665	-	93,665	28,156
Other income		1,792	-	1,792	250
<i>Incoming resources from generated funds:</i>					
Donations		75	-	75	-
Bank interest		3,376	-	3,376	1,373
Total incoming resources		<u>201,615</u>	<u>47,779</u>	<u>249,394</u>	<u>182,608</u>
Resources expended					
Charitable activities	5	140,965	45,871	186,836	148,372
Goverance costs	6	<u>5,767</u>	<u>-</u>	<u>5,767</u>	<u>5,950</u>
Total resources expended		<u>146,732</u>	<u>45,871</u>	<u>192,603</u>	<u>154,322</u>
Net movement in funds		54,883	1,908	56,791	28,286
Funds brought forward		<u>38,477</u>	<u>2,682</u>	<u>41,159</u>	<u>12,873</u>
Funds carried forward		<u>93,360</u>	<u>4,590</u>	<u>97,950</u>	<u>41,159</u>

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

EVALUATION SUPPORT SCOTLAND

BALANCE SHEET At 31 March 2008

	Notes	2008 £	2007 £
Fixed assets	9	<u>2,897</u>	<u>4,771</u>
Current assets			
Bank & cash		128,837	49,329
Debtors	10	<u>10,388</u>	<u>2,427</u>
		<u>139,225</u>	<u>51,756</u>
Creditors: Amounts falling due within one year	11	<u>44,172</u>	<u>15,368</u>
Net current assets		<u>95,053</u>	<u>36,388</u>
Net Assets		<u>97,950</u>	<u>41,159</u>
Unrestricted Funds	12	85,360	38,477
Designated Funds	12	8,000	-
Restricted Funds			
Big Lottery Fund	12	<u>4,590</u>	<u>2,682</u>
Total funds		<u>97,950</u>	<u>41,159</u>

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved and authorised for issue by the Trustees on 21 July 2008 and signed on their behalf by:

.....

.....

Trustee

Trustee

EVALUATION SUPPORT SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2008

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985, the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005 and applicable accounting standards. The principal accounting policies adopted in the preparation of the financial statements are as follows:

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 following specific policies are applied to particular categories of income:

- Income is received by way of grants and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance of the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Activities for generating funds include training income and is included in Statement of Financial Activities when receivable.
- Donated services and facilities are included at the value to the charity where this can be quantified.
- Bank interest is included when receivable.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. The charity registered for VAT from 1 November 2007 but expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs which 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 and include the audit fees and costs linked to the strategic management of the charity.

EVALUATION SUPPORT SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2008

1 *Accounting policies (continued)*

- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in notes 5 and 6.

Tangible fixed assets

Tangible fixed assets are stated at cost less provision for diminution in value. Only assets costing more than £500 are capitalised.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life as follows:

Computer equipment – over 3 years

Office Furniture – over 3 years

Fund Accounting

Funds held by the charity comprise both unrestricted and restricted funds. 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 a particular restricted purpose. Unrestricted funds include designated funds where the directors have earmarked funds for a particular purpose.

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

Pension

Employees of the charity are entitled to join a defined contribution 'money purchase' pension scheme run by SCVO. The charge in the financial statements represents the contributions payable by the charity for the period. There were no outstanding contributions at 31 March 2008 (2007 - £2,345).

Taxation

As a charity, Evaluation Support Scotland is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

2 **Legal status of the 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.

EVALUATION SUPPORT SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2008

	2008	2007
	£	£
3 Grants		
Voluntary Issues Unit grant – Core funding	100,777	107,599
Big Lottery Fund grant	47,515	39,916
Access to Work award	264	1,194
'In-kind' support from the Lloyds TSB Foundation for Scotland	<u>1,930</u>	<u>4,120</u>
	<u>150,486</u>	<u>152,829</u>

Evaluation Support Scotland received support in kind from the Lloyds TSB Foundation for Scotland during part of the year in the form of rent free office accommodation. The level of in kind support received has been calculated on the basis of floor space utilised for inclusion in the financial statements.

	2008	2007
	£	£
4 Other income from charitable activities		
Training income	10,197	1,688
Income from workshops	5,462	8,045
Conference fees	2,080	-
Income from contracts	59,216	17,048
Communities Scotland SCR contract	6,084	-
Support income	<u>10,626</u>	<u>1,375</u>
	<u>93,665</u>	<u>28,156</u>

EVALUATION SUPPORT SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2008

5	Cost of charitable activities	Basis of Allocation	Core Activities £	Restricted Activities £	2008 £	2007 £
	<i>Direct charitable expenditure</i>					
	Staff costs	Staff time	84,631	33,025	117,656	88,753
	Staff pension	Staff time	6,937	2,693	9,630	6,780
	Staff training	Direct	633	415	1,048	2,481
	External training provision	Direct	7,585	1,263	8,848	10,958
	Support costs (See below)	Direct	41,179	8,475	49,654	39,400
			<u>140,965</u>	<u>45,871</u>	<u>186,836</u>	<u>148,372</u>
	<i>Support costs:</i>					
	Staff costs	Staff time	11,294	-	11,294	9,237
	Staff pension	Staff time	927	-	927	602
	Recruitment	Direct	3,221	-	3,221	2,887
	Premises costs	Direct	1,930	-	1,930	4,120
	Insurance	Direct	1,107	-	1,107	1,122
	Office costs	Direct	12,461	4,371	16,832	4,624
	Phone & internet	Direct	411	116	527	1,858
	Website development	Direct	1,166	1,441	2,607	4,775
	IT & Office resources	Direct	129	264	393	2,436
	Travel & subsistence	Direct	3,484	1,814	5,298	3,511
	Subscriptions	Direct	405	-	405	195
	Professional services	Direct	788	99	887	546
	Bank charges	Direct	80	-	80	83
	Sundry expenses	Direct	53	-	53	50
	Depreciation	Direct	3,723	370	4,093	3,354
			<u>41,179</u>	<u>8,475</u>	<u>49,654</u>	<u>39,400</u>
6	Governance	Basis of Allocation	Core Activities £	Restricted Activities £	2008 £	2007 £
	Staff costs	Staff time	2,827	-	2,827	2,688
	Staff pension	Staff time	229	-	229	209
	Board expenses	Direct	320	-	320	585
	Trustee Indemnity	Direct	291	-	291	-
	Insurance					
	Auditors remuneration					
	– Audit	Direct	1,491	-	1,491	1,763
	– Accounting	Direct	609	-	609	705
			<u>5,767</u>	<u>-</u>	<u>5,767</u>	<u>5,950</u>

EVALUATION SUPPORT SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2008

7 Net incoming resources for the year

	2008	2007
This is stated after charging:	£	£
Depreciation	4,093	3,354
Auditor's remuneration	<u>2,100</u>	<u>2,468</u>

8 Staff costs and Trustees' remuneration

	2008	2007
	£	£
Salaries	119,622	91,056
Social security costs	12,155	9,622
Pension costs	<u>10,786</u>	<u>7,591</u>
	<u>142,563</u>	<u>108,269</u>

No trustee received any remuneration during the period. Two trustees received reimbursement of expenses totalling £30 (2007 - One trustee totalling £81) for travelling to Board and other meetings during the year.

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 (2007 - None).

The average number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	2008	2007
Chief Officer (Director)	1	1
Evaluation Support Officer	2	1
Training Officer	1	1
Administration	1	1

The employees of the charity were members of the charity's pension scheme. No contributions were outstanding at 31 March 2008 (2007 - £2,345).

EVALUATION SUPPORT SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2008

9	Tangible Fixed Assets	Computer Equipment £	Office Furniture £	Total £
	Cost			
	At 1 April 2007	8,818	1,243	10,061
	Additions	1,717	502	2,219
	Disposals	-	(1,243)	(1,243)
		<u>10,535</u>	<u>502</u>	<u>11,037</u>
	At 31 March 2008			
	Depreciation			
	At 1 April 2007	4,461	829	5,290
	Charge for year	3,511	582	4,093
	Disposals	-	(1,243)	(1,243)
		<u>7,972</u>	<u>168</u>	<u>8,140</u>
	At 31 March 2008			
	Net Book Value at 31 March 2008	<u><u>2,563</u></u>	<u><u>334</u></u>	<u><u>2,897</u></u>
	Net Book Value at 31 March 2007	<u><u>4,357</u></u>	<u><u>414</u></u>	<u><u>4,771</u></u>
10	Debtors		2008 £	2007 £
	Trade debtors		9,975	1,735
	Prepayments		413	692
			<u>10,388</u>	<u>2,427</u>
11	Creditors		2008 £	2007 £
	Other taxes and social security costs		9,482	3,045
	Other creditors		91	5,035
	Accruals and deferred income		34,599	7,288
			<u>44,172</u>	<u>15,368</u>

EVALUATION SUPPORT SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2008

11 Creditors (continued)	2008	2007
	£	£
Movement in deferred income in year		
Brought forward	4,909	-
Released in the year	(4,909)	-
Deferred in the year	<u>31,172</u>	<u>4,909</u>
	<u>31,172</u>	<u>4,909</u>

Deferred income comprises grants received in advance and service contracts which take the form of performance related contracts.

12 Funds

	At 31 March 2007 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2008 £
Unrestricted Fund					
General Funds	38,477	201,615	146,732	(8,000)	85,360
Designated Funds					
- IT and Database development	-	-	-	8,000	8,000
Restricted Funds					
Big Lottery Fund					
- Capital	739	200	370	-	569
- Revenue	1,943	47,315	45,237	-	4,021
Access to Work	-	264	264	-	-
	<u>2,682</u>	<u>47,779</u>	<u>45,871</u>	<u>-</u>	<u>4,590</u>
	<u>41,159</u>	<u>249,394</u>	<u>192,603</u>	<u>-</u>	<u>97,950</u>

EVALUATION SUPPORT SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2008

12 Funds (continued)

General Funds - Voluntary Issues Unit

This three year grant was provided by the Scottish Executive to cover the core costs of establishing and running Evaluation Support Scotland. Core costs include staff costs, office expenditure, volunteer costs, capital expenditure and other costs. 2007/08 is the final year of the current core funding grant award by the Scottish Executive.

Under the terms of the funding arrangement the charity may not dispose of any equipment purchased with grant funds within five years of the award being given without the prior written consent of the Scottish Ministers.

Designated Funds – IT Funds

The Board of Directors has designated a fund of £8,000 for planned expenditure on IT and database development.

A contract for the provision of the ESS database was entered into on 15 April 2008 with a value of £2,500 inclusive of VAT.

Big Lottery Fund

This three year grant came from the National Lottery and will fully fund the delivery of direct support to voluntary organisations through the Evaluation Support Officer and covers staff costs, seminar and workshop costs and associated running costs including training, overheads and office equipment.

Under the terms and conditions of the grant, if any part of the grant is used to finance capital expenditure then the charity may not dispose of those assets without prior written consent. If any assets are sold, the charity may need to pay all or part of the grant money received, such an amount being in direct relation to the share of the project costs which was provided by the grant funding.

Access to Work

This grant was received from the Department of Work and Pensions to pay for software training.

EVALUATION SUPPORT SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2008

13 Analysis of net assets between funds

	Fixed Assets £	Current Assets £	Current Liabilities £	Total £
Unrestricted Fund				
General Funds	2,192	122,178	(39,010)	85,360
Designated Funds	-	8,000	-	8,000
Restricted Funds				
Big Lottery Fund	705	9,047	(5,162)	4,590
	<u>2,897</u>	<u>139,225</u>	<u>(44,172)</u>	<u>97,950</u>