

**CHILDREN IN SCOTLAND:
WORKING FOR CHILDREN AND THEIR FAMILIES
(A charitable company limited by guarantee)
Charity Number: SC003527**

REPORT AND ACCOUNTS

For the year ended 31 March 2007

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

DIRECTORS

The Hon Lord Reed (Convener)
Professor Gill Jones (Vice Convener)
Professor Mono Chakrabarti (resigned May 2006)
Professor Stewart Forsyth (Vice Convener appointed May 2006)
Gillian Donald CA
Janet Balloch
Graham Bell
Celia Gardiner
Phil Robinson
Duncan Weir (resigned November 2006)
Councillor Helen Wright

SECRETARY

Dr Bronwen Cohen

AUDITORS

Chiene + Tait
Chartered Accountants and Registered Auditors
61 Dublin Street
EDINBURGH
EH36NL

BANKERS

The Royal Bank of Scotland plc
142-144 Princes Street
EDINBURGH
EH24EQ

SOLICITORS

Anderson Strathern WS
1 Rutland Court
EDINBURGH
EH38EY

Gillespie McAndrew WS
5 Atholl Crescent
EDINBURGH
EH38EJ

REGISTERED OFFICE

Princes House
5 Shandwick Place
EDINBURGH
EH24RG

SCOTTISH CHARITY NUMBER

SC003527

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2007.

Governance and Management

Children in Scotland is a company limited by guarantee, established in 1983, with no share capital. The principal activity of the company is to promote the well-being of children and their families.

The board of directors meet five times per year to oversee the work of the charity and is led by a convener. Recruitment to the board takes place through the work of the nominations committee. The nominations committee identifies and recommends potential candidates for election to the board. It identifies the skills, experience and knowledge required from new directors by considering the collective skill profile of the current board. All new directors receive an induction.

Day to day management of the organisation is delegated to the Chief Executive, Dr Bronwen Cohen, with assistance from the senior management team and staff. The board approves the delegation of financial authority to the Chief Executive, with specific limits imposed within an approved scheme of delegation.

Volunteers

At the outset of 2006/7 we had a team of 15 volunteers working on our ASL Advocacy service in Aberdeen. As a result of the closure of this project these volunteers were no longer required, the service ceased in December 2006. Many of our publications, programmes, committees and of course our board of directors involve contributions from unpaid volunteers who share their expertise with us. No value has been placed on this work in the accounts but these contributions come from in excess of 100 volunteers per annum.

Objectives and activities

Children in Scotland exists to identify and promote the interests of children and their families in Scotland and to ensure that relevant policies, services and other provisions are of the highest possible quality and able to meet the needs of a diverse society. It does this with, through and for its members.

Children in Scotland aims:

- To promote and enable the exchange of information on all matters relating to Scotland's children and their families between practitioners, policymakers, politicians and the media;
- To promote the development of policies which will improve the quality of life for Scotland's children and their families, to facilitate practice development in the services they use, and to press for adequate levels of these services and other provisions;
- To promote awareness of specific concerns and contributions of voluntary organisations working with children and their families, as well as those concerns which are shared with other sectors.

Children in Scotland believes:

- All children are of equal worth, whatever their ability, colour, ethnicity, gender, health, religion, sexual orientation or social class;
- Children have rights to protection, provision and participation in decisions affecting them, as outlined in the UN Convention on the Rights of the Child;
- Families are entitled to support and assistance to fulfil their responsibilities towards children;
- Children should be seen as the responsibility of society as a whole, as well as of their families.

To achieve our aims and beliefs we manage the organisation into departments supporting key activities:

- Research - Increasing the knowledge base of Children in Scotland.
- Policy - Monitoring, analysing and influencing the work of Parliament and the Scottish Executive on all issues significantly affecting children and young people.
- Communications - providing high quality information relating to children's issues; raising awareness of specific concerns and policies; promoting and supporting the work of Children in Scotland.
- Practice Development - providing training and events that make a difference to the lives of children and their families and those that work with them.
- Programme Development - advancing the knowledge and skills of child-related practitioners and policy-makers through the strategic development of programmes and practice.
- Enquire - providing timely, accurate and impartial advice and information on additional support for learning to parents, carers, professionals and children and young people themselves.

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

DIRECTORS' REPORT (Contd.)

Achievements and Performance

Over the last year we have continued to support the wellbeing of children and their families by:

- Continuing our research into key areas – recent work includes a study of the early years and childcare workforce in two local authorities; a survey of children and young people for Scotland's Child Safety Action Plan; a three-year, Lottery-funded project examining pupil councils across Scotland; and a UK national report and case studies on out of school childcare in disadvantaged areas.
- Publishing Making Space, Award winning designs for children and Arts for all? and Developing cultural entitlements for young children in rural Scotland.
- Continuing to build on the success of our Resolve – ASL mediation service
- Influencing policy through consultation and information sharing and launching our manifesto "Better lives for Scotland's children and young people" in June 2006
- Supporting our members to remain informed about the latest policies and practices which affect the children in their care.
- Informing and upskilling the children's sector through the provision of 103 training, workshop and conference events with 2794 delegates reaching a satisfaction rating of 97%. New workshops introduced over the year included physical and emotional wellbeing, participation for the converted, learn the child: supporting the education of traumatised children and supporting children and young people through bereavement.
- Developing support for arts practitioners working with children through the accreditation of the Arts Education in Practice Professional Development award by SQA.
- Supporting over 2,500 children and their families with information and guidance about the Additional Support for Learning Act (2004).

We have also continued to develop the organisation by:

- Increasing membership and coverage of the children's sector through enhanced members' benefits including Free Child in Scotland magazines and a successful launch of a 3 year membership package.
- Achieving the Investors in People award in December 2006.
- Streamlining many of our processes to maximise the cost effectiveness of our services through enhanced use of electronic communications.
- Redesigning our publications.
- Achieving accreditation with the Telephone Helplines Association (THA) Quality Standard for the Enquire service.

Financial review

Overall we have made a deficit on our activities of £58,590 (2006: surplus £16,459). This deficit, in the main, has arisen as a result of investment in the management of our policy and research team. This has impacted on our reserves but clear plans and activities are in place for 2007/8 to address this.

Our restricted activities are budgeted to break even over the life of each project. Therefore, the reported surplus or deficit for the year depends on the timing of grants and related expenditure. Our deficit on restricted activities of £28,839 (2006: deficit £81,718) is due to the timing nature of when the grant income is received.

The directors are conscious of the need to balance the requirements of the company's operations against the holding of funds in reserve. We consider it prudent to maintain thirteen weeks of unrestricted expenditure in reserves (approximately £454,000). This policy affords security against possible future curtailment of funding and provides the company with funds sufficient to meet anticipated liabilities over the period. At the balance sheet date our expendable reserves (unrestricted reserves net of fixed assets) amounted to £222,859 (2006: £265,828). This last year has hindered our progress towards our target reserves. Our funding continues to come from four key sources, grants for core funding and projects, provision of information services, membership fees and event income.

Risk management

The directors have carried out the annual risk assessment exercise and are satisfied that we have systems in place to mitigate our exposure to these risks. These risks are reviewed by the directors on a regular basis and as appropriate in conjunction with ongoing developments.

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

DIRECTORS' REPORT (Contd.)

Future plans

The charity has produced a forward plan for its work for 2007 - 10 within the overall aims and beliefs outlined above. The overarching goal will be to increase membership and influence and develop appropriate structures to help us build better childhoods for Scotland's children and young people. This will be achieved through listening carefully, evaluating the available information thoroughly, sharing what has been learned effectively and doing whatever is required to impact young lives positively.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the surplus or deficit for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- As far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution will be proposed at the Annual General Meeting to re-appoint Chiene + Tait as auditors for the ensuing year.

BY ORDER OF THE BOARD

The Hon Lord Reed
Convener

29 June 2007



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

We have audited the financial statements of Children in Scotland for the year ended 31 March 2007 set out on pages 6 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Children in Scotland, for the purpose of company law) for preparing the Directors' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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, and the Charities and Trustee Investment (Scotland) Act 2005 and the regulations thereunder. We also report to you whether, in our opinion, the information given in the Directors' 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 transactions with the charity is not disclosed.

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

Basis of audit 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.

We planned and performed our audit so as to obtain all the 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:

- the financial statements give 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 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and the Charities and Trustee Investment (Scotland) Act 2005 and the regulations thereunder; and
- the information given in the Directors' Report is consistent with the financial statements.

CHIENE+TAIT
Chartered Accountants and Registered Auditors
61 Dublin Street
Edinburgh EH3 6NL

10 July 2007

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2007

Income	Notes	2007	2006
		£	£
Grants	4	1,245,824	1,287,854
Donations		730	892
Membership		93,928	106,204
Consultancy and fees		79,004	187,715
Events		345,123	403,945
Rental income		26,882	28,871
Publications		18,210	30,393
Other	67,075		70,731
		-----	-----
		1,876,776	2,116,605
		-----	-----
 Expenditure			
Salaries and wages	5	1,045,504	967,297
Equipment		27,716	31,829
Fees and payments		107,114	128,994
Establishment		142,143	156,887
Staff expenses		83,958	106,267
Office expenses		99,681	104,046
Printing		126,711	199,479
Advertising and marketing		12,707	16,286
Specific project expenditure		18,827	9,942
Event expenditure		172,620	301,200
Professional expenses		5,506	13,632
Depreciation		2,220	2,220
Finance costs		1,579	1,090
Other expenses		89,080	60,977
		-----	-----
		1,935,366	2,100,146
		-----	-----
(Deficit)/Surplus for the year	6	(58,590)	16,459
		=====	=====
 Being:			
Restricted (deficit)	15	(29,751)	(81,718)
Unrestricted (deficit)/surplus	15	(28,839)	98,177
		-----	-----
		(58,590)	16,459
		=====	=====

The notes on pages 9 to 20 form part of these accounts

All activities are continuing.

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2007

	Notes	Unrestricted Funds £	Restricted Funds £	Total £	2006 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income		319,072	-319,072		352,644
Activities from generating funds		6,207	-	6,207	
Investment income	8	9,375	-	9,375	8,322
Incoming resources from charitable activities:					
Grants and contracts	7	500,517	1,041,605	1,542,122	1,755,639
Total incoming resources		835,171	1,041,605	1,876,776	2,116,605
Resources expended					
Cost of generating voluntary income	9	6,590	-	6,590	5,848
Charitable activities:					
Activities in furtherance of objectives	10	847,300	1,071,356	1,918,656	2,080,546
Governance costs	17	10,120	-	10,120	13,752
Total resources expended		864,010	1,071,356	1,935,366	2,100,146
Movement in total funds for the year –					
Net (expenditure)/income for the year		(28,839)	(29,751)	(58,590)	16,459
Transfers in respect of completed projects	15	(16,350)	16,350	-	-
		(45,189)	(13,401)	(58,590)	16,459
<u>Add: Funds at 1 April 2006</u>		<u>268,048</u>	<u>120,535</u>	<u>388,583</u>	<u>372,124</u>
Funds at 31 March 2007	15	222,859	107,134	329,993	388,583
		=====	=====	=====	=====

The notes on pages 9 to 20 form part of these accounts

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

BALANCE SHEET

As at 31 March 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	11	-	2,220
		-----	-----
Current assets			
Sundry debtors and prepayments	12	158,198	340,780
Cash at bank and in hand		365,372	196,690
		-----	-----
		523,570	537,470
		-----	-----
Creditors: amounts falling due within one year			
Sundry creditors and accrued charges	13	115,538	74,701
Deferred income	14	78,039	76,406
		-----	-----
		193,577	151,107
		-----	-----
Net current assets		329,993	386,363
		-----	-----
Total assets less current liabilities		329,993	388,583
		=====	=====
Funds			
Restricted	15	107,134	120,535
Unrestricted:			
Designated	15	37,500	37,500
General	15	185,359	230,548
		-----	-----
		329,993	388,583
		=====	=====

The accounts were approved by the director on 29 June 2007 and signed on their behalf by:

..... Convener
The Hon Lord Reed

..... Treasurer
Gillian Donald

The notes on pages 9 to 20 form part of these accounts

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention, in accordance with applicable accounting standards and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (2005).

Fixed assets

Tangible fixed assets costing more than £3,000 are capitalised and included at cost including any incidental expenses of acquisition.

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

Furniture and office equipment	-	over 5 years
Computer equipment	-	over 3 years

Incoming Resources

Incoming resources are recognised when they are receivable, the charity has title to them and they are quantifiable.

Resources expended

Resources expended are included in the Income and Expenditure Account and Statement of Financial Activities on an accruals basis.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

These costs have been analysed based on the number of staff in each department.

Costs of generating voluntary income comprise costs incurred to induce others to make donations or grants that are voluntary income. Costs of charitable activities consist of those applied by the charity in meeting its charitable objectives. Governance costs include the costs of general governance of the charity as opposed to direct management inherent in meeting charitable objectives, and are those associated with strategic, constitutional and statutory requirements.

VAT

Children in Scotland is registered for VAT. VAT is reclaimed using the partial exemption method and as such the accounts include irrecoverable VAT.

Pension costs

The company operates a defined contribution scheme. Contributions are charged to the Income and Expenditure Account as they become payable in accordance with the rules of the scheme.

The company also participates in a defined benefits scheme, which is closed to new entrants. Contributions are charged to the Income and Expenditure Account so as to spread the cost of pensions over the employees' working lives with the company. The pension charge is based on contributions payable, which are calculated on the basis of actuarial advice.

Cash Flow Statement

The company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

1. Accounting policies (Contd.)

Operating leases

Rentals payable under operating leases are charged to the Income and Expenditure Account and Statement of Financial Activities as incurred over the term of the lease.

Foreign currencies

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of each transaction. Assets and liabilities are restated at the rates of exchange ruling at the balance sheet date, with resultant exchange differences written off to the income and expenditure account.

Fund accounting

Funds held by the charity are either:

- Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the directors.
- Designated funds – these are funds set aside by the directors out of unrestricted general funds for specific future purposes or projects.
- Restricted – these are funds which 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.

2. Taxation status

The company is recognised as a charity for taxation purposes by the Inland Revenue.

3. Status of Children in Scotland

Children in Scotland is a company limited by guarantee and has no share capital.

In the event of the company being wound up, each member has agreed to contribute an amount not exceeding £1 in Sterling.

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

4. Grants		2007	2006
		£	£
Scottish Executive	Core grant	261,372	255,000
	Section 16B (Health)	7,175	7,000
	Enquire	377,228	301,863
	Special Needs Advisory Group	40,800	43,500
	Section 9 for Practice Development	86,616	84,464
	Growing up in Rural Scotland	30,000	27,334
	Enquire - ASL Newsletters	28,472	23,535
	Enquire - Additional staff	28,136	19,301
	Enquire - Parents Consultation Events	-	63,622
	Enquire - Recruitment costs	-	3,700
	Enquire - Re -printing the guides	-	61,834
	ASL seminars	-	563
	Children, fathers and fathering	45,000	30,000
	Voice of the looked after child	-	9,892
	Making space	-	44,750
	Children's shearing	-	10,000
	Parental Involvement	-	10,200
	Advocacy	82,643	82,108
	ASL Sharing Seminars	88,050	-
	GIRFECC Consultation	8,981	-
	Scottish Child Research Audit	4,652	-
Carnegie United Kingdom Trust	Participation network - one step beyond	-	10,000
Scottish Borders Council	Access all areas	21,650	38,446
	Grandparents	-	14,995
Scottish Arts Council	Participation of children in the arts	-	7,338
	TOPUP	-	19,100
	Creative Link Post	18,000	-
	Creative Link Project	9,000	-
Dumfries and Galloway Council	Evaluation training research	-	16,000
British Council	Parents as educators	-	-
Joseph Rowntree Foundation	Seamless services	-	5,561
Glasgow Health Board	Mental health and wellbeing	-	43,389
Esmée Fairbairn Foundation	Early years ASN	-	34,465
Bernard van Leer Foundation	Children in Europe	46,843	19,103
Awards for All	Evacuation chair	-	791
Stirling Council	Advocacy	17,998	-
Child Accident Prevention Trust	Child Safety Work	5,000	-
ROSPA (Scotland)	Child Safety Work	5,000	-
Big Lottery	Participation In Pupil Practice	33,208	-
		-----	-----
		1,245,824	1,287,854
		=====	=====

NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

5. Staff costs and numbers	2007	2006
	£	£
Wages and salaries	915,201	854,850
Social security costs	84,048	68,738
Pension costs	46,255	43,709
	-----	-----
	1,045,504	967,297
	=====	=====

The average number of FTE employees in the year was 40.5 (2006: 40).

Directors' remuneration: fee £5,180 (2006: £9,731).

This represents payments made to Scott Moncrieff, Chartered Accountants, in respect of Gillian Donald in her role as Treasurer. Fees of nil (2006: £999) were also paid to Scott Moncrieff in respect of professional services rendered. No other director has received remuneration, however directors' travelling expenses, in order to attend meetings, paid during the year amounted to nil (2006: £82). The director's liability insurance for the year was £341 (2006: nil).

The number of employees whose emoluments were greater than £60,000 was as follows:

	-	-
	-----	-----
	2007	2006
	£	£
6. (Deficit)/Surplus for the year		
This is stated after (crediting)/charging:		
Rental income	(26,882)	(28,871)
Bank interest receivable	(9,375)	(8,322)
Foreign exchange loss	2,144	645
Depreciation of owned fixed assets	2,220	2,220
Auditors' remuneration	3,650	3,100
Other operating leases – property rental	101,697	104,111
	=====	=====

	2007	2006
	£	£
7. Activities in furtherance of objectives		
Grants (See note 4, less core grant)	984,452	1,032,854
Donations	730	-
Fees	3,503	8,314
Membership	93,928	106,204
Events	345,123	402,680
Publications	18,210	30,393
Specific projects	69,294	141,895
Rent	26,882	30,198
Other income	-	3,101
	-----	-----
	1,542,122	1,755,639
	=====	=====

8. Investment income	2007	2006
	£	£
Bank interest	9,375	8,322
	=====	=====

9. Cost of generating funds	2007	2006
	£	£
Salaries	6,105	5,398
Other	485	450
	-----	-----
	6,590	5,848
	=====	=====

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

10. Charitable Activities	Activities in furtherance	Support Costs	2007 £	2006 £
Research	85,042	30,078	115,119	124,834
Policy	481,902	170,441	652,343	790,607
Communications	255,125	90,233	345,358	332,887
Practice Development	198,430	70,182	286,612	270,471
Enquire	396,861	140,363	537,224	561,747
	-----	-----	-----	-----
	1,417,359	501,297	1,918,656	2,080,546
	=====	=====	=====	=====

The above costs have been analysed based on the number of staff in each department.

11. Fixed Assets	Computer equipment £	Other £	Total £
Cost at 1 April 2006	29,284	11,420	40,704
	-----	-----	-----
At 31 March 2007	29,284	11,420	40,704
	-----	-----	-----
Depreciation			
At 1 April 2006	27,064	11,420	38,484
Charge for year	2,220	-	2,220
	-----	-----	-----
At 31 March 2007	29,284	11,420	40,704
	-----	-----	-----
Net book value			
At 31 March 2007	-	-	-
	=====	=====	=====
At 31 March 2006	2,220	-	2,220
	=====	=====	=====

12. Debtors	2007 £	2006 £
Grant	4,435	104,260
Other debtors	135,143	215,655
Prepayments	18,620	20,865
	-----	-----
	158,198	340,780
	=====	=====

13. Creditors	2007 £	2006 £
Operating creditors	79,175	45,174
Other tax and social security	21,288	24,131
Accruals	5,100	5,396
VAT	9,975	-
	-----	-----
	115,538	74,701
	=====	=====

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

	2007	2006
	£	£
14. Deferred income		
Subscriptions in advance	45,178	45,701
Event income in advance	32,621	30,705
Publication income in advance	240	-
	-----	-----
	<u>78,039</u>	<u>76,406</u>
	=====	=====

15. Reserves	Restricted Funds	Unrestricted Funds		Total
		General Fund	Designated Fund	
	£	£	£	£
At 1 April 2006	120,535	230,548	37,500	388,583
(Deficit)/Surplus for year	(29,751)	(28,839)	-	(58,590)
Transfer in respect of completed restricted project	16,350	(16,350)	-	-
	-----	-----	-----	-----
At 31 March 2007	<u>107,134</u>	<u>185,359</u>	<u>37,500</u>	<u>329,993</u>
	=====	=====	=====	=====

The designated fund has been set up to fund refurbishment, information technology, development opportunities and replacement of fixed assets. Such expenditure was previously funded from general fund.

The transfer from restricted funds to the general fund represents net surpluses and deficits on completed projects.

16. Financial commitments

At 31 March 2007 the company was committed to making the following annual payments under non-cancellable operating leases in the year to 31 March 2008:

	2007	Land and Buildings	2007	Others
	£	2006	£	2006
		£		£
Leases expiring:				
Within 2 to 5 years	86,550	86,550	-	-
	-----	-----	-----	-----
	<u>86,550</u>	<u>86,550</u>	<u>-</u>	<u>6,074</u>
	=====	=====	=====	=====

17. Governance Costs

	2007	2006
	£	£
Audit Fee	3,650	3,116
Treasurer Fee	5,180	9,731
Legal Fees	1,290	823
Travel	-	82
	-----	-----
	<u>10,120</u>	<u>13,752</u>
	=====	=====

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

18. Pension commitments

Children in Scotland operates defined benefit and defined contribution pension schemes for the benefit of its employees.

(a) Defined benefit pensions scheme:

Children in Scotland participates in The Pensions Trust SCVO Final Salary Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefits scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate, to March 2007. From April 2007 there are two benefit structures available. These are final salary with a 1/60th accrual rate and final salary with a 1/80th accrual rate. Participating employers must choose which benefit structure that they wish to offer to their employees. As of the date these accounts were signed no decision had been made on which benefit structure Children in Scotland would offer from October 2007.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Children in Scotland paid contributions at the rate of 15.5%. Member contributions were 6.0%. The total number of employees who were active members of this scheme as at 31 March 2007 was 3 (2006: 3). Children in Scotland has closed the Scheme to new entrants.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS 17 represents the employer contribution payable. The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the "projected unit credit" method.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% per annum
- Investment return pre retirement	6.10
- Investment return post retirement	4.80
- Rate of salary increases	4.00
- Rate of pension increases: for pensionable service pre 6 April 2005	2.50
for pensionable service post 5 April 2005	2.25
- Rate of price inflation	2.50

The market value of the Scheme's assets at the valuation date was £33.2 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £6.7 million (equivalent to a past service funding level of 83%).

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NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary 1/60 th accrual rate	20.0% comprising employer contributions of 13.0% and member contributions of 7.0%
Final salary 1/80 th accrual rate	15.3% comprising employer contributions of 9.3% and member contributions of 6.0%

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall. In view of the past service shortfall it was agreed that the joint contribution rates shown in the table below would be payable with effect from 1 October 2007.

Benefit structure	Joint contribution rate (% of pensionable salaries)
Final salary 1/60 th accrual rate	22.7% comprising employer contributions of 15.7% and member contributions of 7.0%
Final salary 1/80 th accrual rate	18.0% comprising employer contributions of 12.0% and member contributions of 6.0%

New employers joining the Scheme pay contributions at the ongoing employer future service contribution rate. This rate applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining. New employers also pay an additional age loading if the average age of their members is higher than the average age of the Scheme membership. This loading applies from the date the employer joins the Scheme to the date of the second actuarial valuation of the Scheme following the date of joining, or such earlier date as agreed between the SCVOP Pensions Committee and the Scheme Actuary.

Employers that have closed the Scheme to new entrants, including Children in Scotland are required to pay an additional contribution loading to reflect the higher costs of a closed arrangement. This loading is based on actuarial advice and is subject to change from time to time. The loading is currently 3.5%.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on a non-going funding basis, by 31 March 2022. A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthen the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). A copy of the recovery plan has been sent to the Pensions Regulator. The Regulator had not issued his response to the recovery plan as at the date of this document.

The next actuarial valuation of the Scheme will be carried out as at 30 September 2008. Actuarial Reports will be prepared as at 30 September 2006 and 30 September 2007 in line with statutory regulations.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current

NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy out market. The amount of debt can therefore be volatile over time.

The pension cost for the year amounted to £16,577 (2006: £15,768).

(b) Defined contribution pensions scheme:

For employees not in the defined benefit scheme, Children in Scotland operates a defined contribution scheme administered by the Pensions Trust. Children in Scotland pays contributions at the rate of 6% of pensionable salary, with employees contributing up to 6%. The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension Plan. Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and / or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employers shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employers shall pay the whole of them.

Children in Scotland paid contributions at the rate of 6% during the accounting period. Members paid contributions at the rate of 6% during the accounting period. As at the balance sheet date there were 26 active members of the Plan employed by Children in Scotland. Children in Scotland continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS 17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Credit Method. The market value of the Scheme's assets at the valuation date was £675 million and the Plan's Technical Provisions (i.e. past service liabilities) were £704 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a past service funding level of 96%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Plan as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £747 million and indicated a surplus of assets compared to liabilities of approximately £2 million, equivalent to funding level of 100.2%. Annual funding updates of the Growth Plan are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the Plans since the last full valuation. Since the contribution rates payable to the Plan have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

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NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

The financial assumptions underlying the valuations as at 30 September 2005 were as follows:

	% per annum
- Investment return preretirement	6.6
- Investment return postretirement	4.5
- Bonuses on accrued benefits	0.0
- Rate of price inflation	2.5

The pension cost of £29,678 (2006: £27,941) represents contributions payable by Children in Scotland during the period.

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million will be cleared within 5 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 7.6% per annum preretirement and 4.8% per annum postretirement.

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the Growth Plan and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008. An Actuarial Report will be prepared as at 30 September 2007 in line with statutory regulations.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buyout debt.

The leaving employer's share of the buyout debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buyout market. The amounts of debt can therefore be volatile over time.

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NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

19. Contingent liability

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustees of the defined benefit pension scheme (note 18) and the additional voluntary contributions payable through the Growth Plan. This debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. Children In Scotland has closed the defined benefit SCVO final salary Pension Scheme to new entrants. The directors are aware that a potential liability exists but are unable to establish when any potential liability will crystallize and unable to quantify a reliable estimate for this debt in the future. As a consequence, and in accordance with FRS 12, no provision has been made in the financial statements.

CHILDREN IN SCOTLAND: WORKING FOR CHILDREN AND THEIR FAMILIES

NOTES TO THE ACCOUNTS (Contd.)

For the year ended 31 March 2007

20. Note of analysis of movements on restricted reserves

	Opening Balance £	Income £	Expenditure £	Transfer to Un-restricted £	Closing Balance £
Enquire	(132)	385,146	385,014	-	-
POCSA	(1,419)	-	-	1,419	-
Assets, families	(1)	-	-	1	-
Grandparents	13,821	-	14,050	229	-
SNAG	2,699	42,106	44,805	-	-
Parent Focus Group	(666)	-	-	666	-
Arts Project	4,238	-	-	-	4,238
Participation Network	(9,081)	-	-	9,081	-
Diversity Research	(1,844)	-	-	1,844	-
Parental involvement	-	-	878	878	-
Arts TOPUP	2,993	-	462	-	2,531
ASL Training	(1,411)	-	-	1,411	-
Access all areas	(771)	21,650	18,982	-	1,897
4nations	(18)	-	-	18	-
CIE Central	29,199	-	16,747	-	12,452
Bridging the GAP	2,021	-	2,021	-	-
Diana/Citizenship	182	-	-	(182)	-
Fathers Project	5,516	53,956	53,955	-	5,517
Equal futures	3,219	-	3,219	-	-
Evaluation training	13,384	-	13,587	203	-
Mental Health	21,835	9,092	31,057	130	-
Early Years	25,133	11,779	36,912	-	-
Rural	2,618	58,244	58,245	-	2,617
Enquire Additional	3,318	28,135	28,135	-	3,318
Advocacy	(729)	47,823	47,094	-	-
Architecture Award	(300)	-	-	300	-
ASL Newsletter	1,011	-	1,011	-	-
Asthma services	-	-	327	327	-
Architecture Pub	2,120	2,210	4,329	-	-
Arts EXT TOPup	3,600	-	3,077	-	523
ASL Seminars	-	79,968	79,968	-	-
Advocacy	-	34,872	34,897	25	-
Support attach young people	-	22,095	1,430	-	20,665
Child safety research	-	10,000	10,000	-	-
Participation in pupil practice	-	33,208	10,237	-	22,971
CIE Central extension	-	47,699	13,570	-	34,129
ASL Newsletter	-	28,472	38,918	-	(10,446)
Creative Link Post	-	18,000	799	-	17,201
Creative Link Project	-	9,000	-	-	9,000
Audit Research	-	4,652	3,357	-	1,295
Resolve Mediation	-	75,501	96,275	-	(20,774)
Stirling Advocacy	-	17,998	17,998	-	-
	120,535	1,041,605	1,071,356	16,350	107,134