

Company Number: SC133906

INVESTORS IN PEOPLE SCOTLAND

Annual Report and Financial Statements

for

31 March 2015

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Investors in People Scotland
Annual Report and Financial Statements for the year ended 31 March 2015
Contents

Company information	1
Directors' report	2
Independent Auditor's report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

Directors

M Bradshaw
J Brydon
A Durnin
G Gillespie
L M Hanna
C P Russian
C Thompson
L Urquhart
C Wright

Secretary

C Thorne

Registered office

94 Ocean Drive
Edinburgh
EH6 6JH

Registered number

SC133906

Independent auditor

KPMG LLP
191 West George Street
Glasgow
G2 2LJ

**Investors in People Scotland
Annual Report and Financial Statements for the year ended 31 March 2015
Directors' Report**

The directors present their annual report and financial statements of the company, registered number SC 133906, for the year ended 31 March 2015.

Principal activities

The principal activities of the company in the year under review was that of assessing organisations against the Investors in People (IIP) and Investors in Young People (IIYP) standard and, through the quality of the assessment process, assisting them to gain and maintain recognition.

We also provide related IIP and IIYP support services including advice, employer networks and workshops.

Business Review

We are pleased to announce a profit before tax for the year of £23,137 (2014 - £74,741) and an increase in turnover of 7% (2014 – 8%).

During the year we have seen the successful launch of the Investors in Young People (“IIYP”) framework with the support of the Scottish Government. This has allowed us to create 131 new IIYP accreditations by the year end (from a standing start) and a further committed group of 55. We expect there to be continuing growth in this area during 2015-16 and have commitment from the Government to continue support over this period.

Our core Investors in People (“IIP”) business has seen client retention levels rise, demonstrated by 7% more clients being reviewed against the IIP framework, compared to targets set. We see this as a positive step forward, whilst recognising that there is a continued need to increase our overall stock of IIP accredited organisations.

We have continued our work with Skills Development Scotland in delivering their Workforce Development Programme, generating income of £106,000 over the period. Following a successful tender submission, we now have a 2 year commitment (with possibilities of further 12 month extensions) to deliver this service, with an initial annual value of £249,000.

We recognise the success of our service delivery (demonstrated by our year end Net Promotor Score of 73) rests firmly with the group of external specialists (consultants) that we deploy. We have carried out two separate recruitment phases during the year, to help us continue to achieve high levels of client satisfaction and deliver on future growth plans.

Directors

The directors who held office during the year and to the date of this report were as follows:

M Bradshaw (appointed 23 September 2014)

J Brydon

A Durnin

G Gillespie

L M Hanna

V McMenemy (resigned 18 May 2014)

C P Russian

C F Stewart (resigned 22 August 2014)

C Thompson

L Urquhart (Chairman)

C Wright

Statement of directors' responsibilities in respect of the financial statements

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 they have elected to prepare the financial statements in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and applicable law (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' statement of disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company exemptions

The directors have taken advantage of the special provisions of Chapter 5 of Part 15 of the Companies Act 2006. The Company has also taken advantage of the exemptions contained within section 414(b) of the Companies Act 2006 from preparing a strategic report, as the Company is considered to be small under the small companies regime.

Independent auditor

KPMG LLP were appointed auditors to the Company from March 2014, for a period of three years, following a competitive tender process undertaken by Scottish Enterprise, the Company's ultimate parent undertaking. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



L Urquhart
Director

12 June 2015

Company number SC133906

Investors in People Scotland
Annual Report and Financial Statements for the year ended 31 March 2015
Independent auditor's report to the members of Investors in People Scotland

We have audited the financial statements of Investors in People Scotland for the year ended 31 March 2015 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standards for Smaller Entities (effective April 2008) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Investors in People Scotland

Annual Report and Financial Statements for the year ended 31 March 2015

Independent auditor's report to the members of Investors in People Scotland (continued)

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Andrew Shaw

Andrew Shaw (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

191 West George Street

Glasgow

G2 2LJ

Date *22 June 2015*

Investors in People Scotland
Annual Report and Financial Statements for the year ended 31 March 2015
Profit and Loss Account

	Note	2015 £	2014 £
TURNOVER	2	2,095,872	1,955,944
Cost of sales		(977,583)	(959,794)
GROSS PROFIT		1,118,289	996,150
Administrative expenses		(1,505,260)	(967,605)
Other operating income	3	402,928	38,313
OPERATING PROFIT	4	15,957	66,858
Interest receivable		7,180	7,883
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,137	74,741
Tax on profit on ordinary activities	7	(1,242)	(1,577)
PROFIT FOR THE FINANCIAL YEAR		21,895	73,164

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

There are no recognised gains or losses other than the gains stated above.

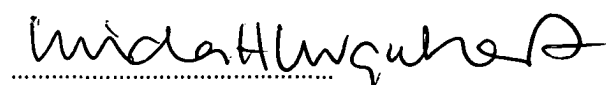
The results above have been derived wholly from continuing activities.

Investors in People Scotland
Annual Report and Financial Statements for the year ended 31 March 2015
Balance sheet

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	8	<u>24,998</u>	<u>25,160</u>
CURRENT ASSETS			
Debtors	9	<u>747,364</u>	<u>583,348</u>
Cash at bank and in hand		<u>788,058</u>	<u>738,657</u>
		1,535,422	1,322,005
CREDITORS: amounts falling due within one year	10	<u>(913,444)</u>	<u>(694,796)</u>
NET CURRENT ASSETS		<u>621,978</u>	<u>627,209</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		646,976	652,369
Deferred government grants	11	<u>-</u>	<u>(27,288)</u>
NET ASSETS		<u>646,976</u>	<u>625,081</u>
CAPITAL AND RESERVES			
Profit and loss account	14	<u>646,976</u>	<u>625,081</u>
MEMBERS' FUNDS		<u>646,976</u>	<u>625,081</u>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 7 to 14 were authorised and approved by the board of directors on 12 June 2015 and were signed on its behalf by:



.....
L Urquhart

Director

Company number SC 133906

1. Accounting policies

The financial statements have been prepared on a going concern basis, under the historical cost convention, in accordance with applicable accounting standards.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

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

Fixtures and fittings	20% straight line
IT equipment	33% straight line
Database development	25% straight line

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates an individual non contributory defined contribution pension scheme for all full time employed staff, and a stakeholder pension scheme available to all staff. Contributions payable to these schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. These contributions are invested separately from the company's assets.

Government grants

Grants received in respect of capital expenditure are credited to a deferred income account and released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to the profit and loss account so as to match them with the expenditure to which they relate.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Investors in People Scotland
Annual Report and Financial Statements for the year ended 31 March 2015
Notes to the financial statements

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to the principal activity of the company. All turnover is derived from the United Kingdom.

3. Other operating income

	2015	2014
	£	£
Grant income	401,055	30,000
Other income	1,873	8,313
	<u>402,928</u>	<u>38,313</u>

4. Operating profit

This is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of fixed assets	13,559	8,909
Auditor's remuneration – audit of these financial statements	3,750	3,750
Operating lease rentals – land & buildings	75,722	79,061
Operating lease rentals – plant & machinery	-	836
Government grants received	<u>(672,157)</u>	<u>(160,593)</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2015	2014
	£	£
Aggregate emoluments	81,905	79,401
Social security costs	9,803	9,493
Contribution to money purchase pension schemes	4,747	4,627
	<u>96,455</u>	<u>93,521</u>

6. Staff costs

	2015 £	2014 £
Wages and salaries	548,006	529,633
Social security costs	44,757	53,931
Pension costs	35,869	34,578
	<u>628,632</u>	<u>618,142</u>

The above figures include directors' emoluments (see note 5).

The average monthly number of employees during 2015 was 19 (2014: 18). All employees were involved in administration.

The company operates an individual non contributory defined contribution pension scheme for all full time employed staff. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions by the company to the funds and amount to £35,869 (2014: £34,578). At the year end there was an outstanding liability of £5,789 (2014: £3,290).

7. Tax on profit on ordinary activities

Factors affecting the tax charge for the current period

The difference between the corporation tax charge for the period and the small company rate of corporation tax in the UK is explained below:

Corporation tax reconciliation

	2015 £	2014 £
Profit on ordinary activities before tax	<u>23,137</u>	<u>74,741</u>
Current tax at 20% (2014: 20%)	4,627	14,948
Effects of:		
Trade losses utilised in the current year	(3,191)	(13,371)
Adjustment in respect of prior years	<u>(194)</u>	<u>-</u>
Total corporation tax charge/(credit)	<u>1,242</u>	<u>1,577</u>

The company has £147,251 (2014: £167,214) of trade losses carried forward. At the corporation tax rate substantively enacted as at 31 March 2015 of 20% (2014: 20%), this represents an unrecognised deferred tax asset of £29,450 (2014: £33,443).

Investors in People Scotland
Annual Report and Financial Statements for the year ended 31 March 2015
Notes to the financial statements

8. Tangible fixed assets

	IT equipment	Database development	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 April 2014	43,032	76,712	73,898	193,642
Additions	6,212	3,300	3,885	13,397
At 31 March 2015	49,244	80,012	77,783	207,039
Depreciation				
At 1 April 2014	25,369	69,710	73,403	168,482
Charge	10,170	2,691	698	13,559
At 31 March 2015	35,539	72,401	74,101	182,041
Net Book Value				
At 31 March 2014	17,663	7,002	495	25,160
At 31 March 2015	13,705	7,611	3,682	24,998

9. Debtors

	2015 £	2014 £
Trade debtors	507,274	422,994
VAT recoverable	9,892	-
Prepayments and accrued income	230,198	160,354
	747,364	583,348

10. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	401,293	161,238
Corporation tax	1,436	1,577
Other taxes and social security costs	19,419	55,088
Accruals and deferred income	491,296	476,893
	913,444	694,796

Investors in People Scotland
Annual Report and Financial Statements for the year ended 31 March 2015
Notes to the financial statements

11. Deferred government grants

	2015	2014
	£	£
Balance at 1 April	27,288	28,281
Received	-	129,600
Released	(27,288)	(130,593)
Balance at 31 March	-	27,288

12. Limited by guarantee

The company was incorporated as a company limited by guarantee and not having a share capital. Each member of the company guarantees such amount as may be required to discharge the debts and liabilities of the company up to a value of £1. At 31 March 2015 the membership of the company totalled 2.

13. Control

The company is owned by Scottish Enterprise and Highlands and Islands Enterprise.

The directors regard Scottish Enterprise as the ultimate parent undertaking.

The accounts of the company are consolidated within the group accounts of Scottish Enterprise and copies of these group accounts are available from Scottish Enterprise, Atrium Court, 50 Waterloo Street, Glasgow, G2 6HQ.

14. Profit and loss account

	2015	2014
	£	£
At 1 April	625,081	551,917
Profit for the financial year	21,895	73,164
At 31 March	646,976	625,081

Investors in People Scotland
Annual Report and Financial Statements for the year ended 31 March 2015
Notes to the financial statements

15. Operating lease commitments

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	2015	2014
	Land & Buildings	Land & Buildings
	£	£
Operating leases which expire:		
Within 1 year	-	-
Greater than 1 year, less than 5 years	<u>72,503</u>	<u>82,510</u>
	<u>72,503</u>	<u>82,510</u>

16. Related party transactions

Related Party	Relationship	Description	Amount	Balance at y/e
			£	£
Highlands and Islands Enterprise	See note 13	Grant received	34,426	(574)
Highlands and Islands Enterprise	See note 13	Sales – assessment	3,647	-
Scottish Enterprise	See note 13	Sales – assessment	4,063	-
Morton Fraser	Director	Sales - assessment	786	-
Atrium Homes	Director	Sales - advice	785	-
Vitel	Director (resigned)	Telemarketing	4,100	-