

COMPANY NO: SC327751

CHARITY NO: SC038851

CEIS AYRSHIRE
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

CEIS AYRSHIRE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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CEIS AYRSHIRE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees	Neil Hamilton Norman Geddes Sheila Fyfe Fiona Fawdry Ian Mitchell Stephen Ebbitt (resigned 14/05/2019) Gerard Higgins (resigned 03/07/2019) Gunjan Yadav (appointed 16/12/2019) Julie McLachlan (appointed 06/01/2020) Laura Worku (appointed 24/03/2020)
Secretary	Fiona McClune
Principal Office	26 Eglinton Street Irvine Ayrshire
Charity Number:	SC038851
Company Number:	SC327751
Independent Auditors	Wylie & Bisset (Audit) Limited 168 Bath Street Glasgow G2 4TP
Bankers	Bank of Scotland Argyle St Branch Glasgow G2 8BX RBS Glasgow Parkhead Branch 1304 Duke St G31 5PZ
Solicitors	MacRoberts Capella 60 York Street Glasgow G2 8JX

CEIS AYRSHIRE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

REFERENCE AND ADMINISTRATIVE INFORMATION (continued)

Senior Management

Gerard Higgins (CEO until 02/06/2019)
Ian Mitchell (CEO from 03/06/2019)
Stephen Hamill (General Manager)
Joyce Houston (Operations Manager)
Bryan Hamilton (Skills & Training
Services Manager)
Caroline Campbell (Office Manager)
Keith Mason (Business Services
Manager)

CEIS AYRSHIRE

Report of the Trustees for the year ended 31 March 2020

The Trustees present their annual report and financial statements of the charity for the period ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's memorandum and articles of association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) published on 16 July 2014.

The legal and administrative information on pages 1 and 2 forms part of this report.

Objectives and activities

During the last year, the organisation has continued to reaffirm its mission, vision, values and company aims throughout staff and board members, as these define the purpose of the company.

The Vision, Mission Values are displayed prominently in CEIS Ayrshire offices, website and email signatures. CEIS Ayrshire assesses its performance in relation to four primary objects, set out in its Memorandum and Articles of Association:

- A. To relieve and/or prevent poverty, particularly among residents of Ayrshire.
- B. To relieve unemployment, particularly among residents of the Operating Area, for the public benefit in such ways as may be thought fit, including assistance to find employment.
- C. To advance education, particularly among residents of the Operating Area, including the provision of training in skills of all kinds (particularly such skills that will assist the participants in obtaining paid employment).
- D. To promote, operate, establish and/or support other projects and programmes which further the same or similar charitable purposes either for the benefit of residents of the Operating Area or otherwise.

To meet the objects of the organisation, CEIS Ayrshire delivers a range of services to individuals, businesses, and communities. In 2019/20 CEIS Ayrshire continued working to achieve the following aims in order to achieve the objects set out in the governing documents of the organisation;

- 1. To ensure the long term financial stability for CEIS Ayrshire;
- 2. Optimise CEIS Ayrshire identity and delivery through partnership working thus improving local delivery infrastructure;
- 3. Target barriers to economic and social exclusion, promoting justice and equality for all;
- 4. Promote opportunities which address the dynamics of change for every individual;
- 5. To ensure that CEIS Ayrshire is a visible and active partner in the mechanism for change in Ayrshire.

CEIS AYRSHIRE

Report of the Trustees for the year ended 31 March 2020

CEIS Ayrshire is a subsidiary of CEIS and shares the same mission driven aspects of the wider CEIS organisation. It is a formal legal entity and business with charitable status and continues to develop services and essential support within the local employability and training landscape in Ayrshire and Dumfries and Galloway.

CEIS Ayrshire VISION

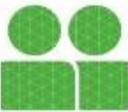
We will make Scotland a better place to live and work with a more inclusive economy.

CEIS Ayrshire MISSION

To tackle inequality, strengthen communities and improve the performance and impact of businesses, which contribute to our society.

CEIS Ayrshire VALUES

Our vision and mission are underpinned by a number of values that CEIS seeks to demonstrate and measure in all aspects of its work.

P	R	I	Q	L	E
					
Partnership	Respect	Innovation	Quality	Leadership	Empowerment
Our reputation as a trusted partner is critical to everything we do	We act with integrity and honesty with our clients, partners, staff and stakeholders	We seek to bring innovative approaches to everything we do to ensure maximum effect and efficiency	We will deliver and demonstrate high quality outcomes in all aspect of our work	We acknowledge and embrace our role as an industry expert to progress the sector	We work closely with clients and staff to provide required skills and abilities

1. Achievements and performance

In 2019/20 CEIS Ayrshire identified the following achievements and outcomes through its system of measuring performance against objectives. This KPI system involves consultation with all staff and the objectives and targets are agreed by the board of directors. The key performance targets are a standing item at the CEIS Ayrshire monthly senior management team meeting and are fully updated each quarter prior to reporting progress to staff and trustees. There are 11 KPIs in total and these are summarised in “The Vital Few” where cumulative support interventions, jobs created, individuals trained etc. are gathered and reported.

CEIS AYRSHIRE

Report of the Trustees for the year ended 31 March 2020

Key Targets - THE VITAL FEW	2019/20	2019/20
CEIS Ayrshire KPI's	Target	Actual
CEIS Ayrshire: develop new projects across portfolio of services	1	1
Create 2 pilot initiatives and projects with key strategic partnerships	2	2
Income to be generated: CEIS Ayrshire	1,255,972	1,354,120
Individuals Supported: CEIS Ayrshire	1800	2420
Skills and Training Delegates: CEIS Ayrshire	1200	1628
People Supported into Employment: CEIS Ayrshire	440	371
Individuals achieving certification through Skills & Training Services	1200	2149
Businesses (Organisations) supported: CEIS Ayrshire	600	612
Local businesses assisted with training in work advancement and workforce development	50	64
External collaborative projects - group wide	2	2
New External partnerships - CEIS Ayrshire. Base 34	3	4

In 2019/20 CEIS Ayrshire undertook these activities in line with its aims and objectives. The performance in terms of operational delivery was exceeded in most areas with 10 out of the 11 set KPIs achieving and surpassing target. We supported more people with our skills and training services and achieved more certified training than we originally targeted. This was a result of our expanded training delivery across our North Ayrshire employability pipeline and our successful SDS Employability fund services. Although we did not achieve our intended target of assisting people into employment, again we set an aspirational target, our key client group have multiple and entrenched barriers and this required more intensive personal and employability preparation before progressing towards the labour market. We continued to manage the operational aspect of the North Ayrshire Employability Hubs which we also started to develop a more skills-based centre as well as partnership approach with other third sector and further education organisations. This ensured a more holistic service.

CEIS AYRSHIRE

Report of the Trustees for the year ended 31 March 2020

Over the last year we were successful in expanding our services in South Ayrshire, we transferred a lottery funded project from Aspire to Access into our portfolio. The Tandem project is an Asset Based Community Development project based across four localities in North Ayr. Later in the year we were successful with a match funding application to expand the remit of this service through Scottish Government Aspiring Communities fund.

CEIS Ayrshire continued its policy of using our purchasing power and areas of influence to add value to our clients and partners. Part of this involves encouraging third sector organisations to create social value by trading with each other and co-delivering services. We recognise that this creates an economic benefit but also builds capacity and experience.

Suppliers included contract delivery, catering, venues, printing, coaching, storage, maintenance, stationery, interpreting and training.

2. Financial review

CEIS Ayrshire delivered a small surplus, this was due to the Skills Development Scotland Employability Fund performance, which successfully maximised the potential contract while the East Ayrshire Council Barrier removal and vocational training continued to be problematic in terms of managing cashflow and awaiting audit checks for processing payments. All other contracts delivered within budget and the expansion of our engagement portfolio with the Tandem / Ahead project has given the organisation a good grounding to expand and move this service forward in other areas. North Ayrshire Local Authority contracts continue to allow CEIS Ayrshire some stability and the position to build on new areas of work, albeit this contract is due to finish in July 2020, and the new round of procurement is already underway and awaiting final decisions.

At the end of 2019/20 CEIS Ayrshire officers and board have set a positive budget for 2020/21, this is due to the successful award of SDS Employability Fund Contract in excess of double last years, as well as anticipating a positive outcome in terms of the future North Ayrshire Council contracts. Although the surplus to be generated during the year is modest in relation to turnover, this is partly due to the intensive staff capacity requirement to fulfil contract requirements, this surplus will contribute to the future financial health of CEIS Ayrshire.

The trustees have set a reserves policy which ensures that the organisation's core activity could continue during a period of unforeseen difficulty. A portion of reserves are maintained in a realisable form, considering:

- Risks associated with each stream of income and expenditure being different from that budgeted;
- Our planned activity level and the organisation's commitments;
- The effect of scenarios such as a change of government that might affect our area of operations;
- Consideration of future needs and opportunities including expansion or contraction of services and staffing.

The CEIS Ayrshire Trustees have agreed that, given the trading circumstances facing Third Sector organisations, general economic uncertainty, real term reductions in public sector expenditure and the potential impact of local and national political changes influencing the sector, CEIS Ayrshire should aim to hold between 3 and 6 months' operating costs (excluding client costs). The organisation plans for a surplus in its annual budget to achieve the level of reserves required by its reserves policy.

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Report of the Trustees for the year ended 31 March 2020

The officers will endeavour to ensure the company operates in a profitable and sustainable manner and will continue to work to build a realisable reserve to meet demands on the company in an uncertain environment.

	<u>3-6 months operating costs</u>	<u>Current reserve</u>
CEIS Ayrshire	£300,679 - £601,359	£377,139

3. Plans for future periods

CEIS Ayrshire has set out its KPIs and overall aims and objectives for 2020/21; this includes continuing to consolidate its core employability services contracts within North Ayrshire and building new employment contract opportunities in our key geographical areas that will present themselves over the next 12 months.

As an organisation we continue have an ambition to be a forward thinking Community Anchor Organisation, recognised by its commitment to our communities through employability, skills training, business engagement services and community development capacity building and support services in our area, respected as the go to mission driven ethical company in Ayrshire and Dumfries and Galloway.

In the wake of the current Covid-19 crisis the future of the sector is still unclear and funding to provide services will be challenging for the contracts that rely on outcome based face to face delivery. We will ensure we have an agile contingency and continuity plan to ensure we deliver services and secure the funding to do so.

In May we will assign a new Business Services and Development manager to add capacity internally to exploring, sourcing and securing new opportunities as we continue to scan our environment for opportunities, we have an income generation target to ensure we achieve a surplus budget. We are developing a new employer engagement strategy and employer offers through our business services and will look to develop and diversify more universal service offers to employers.

This current crisis means as a sector we must continue to build on joint working opportunities with local Housing Associations, other local third sector organisations, health-related support services, and local justice services. As well as this we must link to areas such as education and social services and community development. We must also build on our employer networks as we face an economically challenging times post lockdown. Our services must continue to reflect the local and national needs of individuals such as health, skills training and how we build and advance careers and increase earning potential for the individuals in our community. We must diversify our offerings for businesses and employees through our skills and workforce development strategy as well as build on potential future income streams that will alleviate our reliance on grant income.

CEIS AYRSHIRE

Report of the Trustees for the year ended 31 March 2020

We will continue to support those further away from the labour market in a number of ways and seek to secure new and innovative funding streams where possible to realise this. For those that are nearer the labour market our employer engagement strategy and our skills and training services will develop new aligned programmes as well as new ways of working.

4. Structure, governance and management

- **Governing Document**

CEIS Ayrshire is a company Limited by Guarantee governed by its Memorandum and Articles of Association. It is a registered charity with the Office of the Scottish Charity Regulator (OSCR).

- **Recruitment and Appointment of Trustees**

All trustees are proposed for approval at board meetings and require approval by the CEIS (parent company) Board. New directors are appointed on the basis of a skills matrix of existing board members to ensure that the company has a board of directors with relevant experience and expertise.

- **Trustee Induction and Training**

All new trustees receive an induction pack which is updated on a regular basis. The pack includes the policies and procedures of the organisation, guidance on the duties and responsibilities of trustees, the governing documents of the organisation and information about the format of Board meetings, general meetings and governance arrangements. The trustee induction process includes time with staff and clients in CEIS Ayrshire services and bespoke preparation to ensure trustees are familiar with CEIS Ayrshire services.

- **Organisational Structure**

The board of trustees, which can have up to 11 members, but no less than 5, administers the charity and meets quarterly. The General Manager is appointed by the trustees to manage the day to day operations of the charity. To facilitate effective operations, the chief executive has delegated authority for operational matters including finance and employment within limits agreed by the board.

CEIS Ayrshire – SC327751

The principal activity of the charity CEIS Ayrshire is to support disadvantaged communities through the development and delivery of new and innovative employability services across Ayrshire.

5. Risk Management

CEIS Ayrshire gives consideration of risk to charitable assets from trading, ability to attract investment, tax efficiency and the ability to have a board of directors with specialist skills and expertise. This includes the ability to have a “local” company operating employability services in Ayrshire. The trustees have a risk management strategy which comprises:

- An annual review of risks the charity may face. This review is carried out by all staff at a company planning session and subsequently approved by the Board of Trustees.
- The establishment of systems and procedures designed to mitigate those risks identified in the plan. The CEIS Ayrshire risk register is a comprehensive register

CEIS AYRSHIRE

Report of the Trustees for the year ended 31 March 2020

designed to identify the major risks faced by the company and the probability and impact of such risks occurring.

- The implementation of procedures designed to minimise any potential impact on the charity should these risks materialise. This includes identifying actions, timescale, action owners and resource requirements.
- The Risk Register is reviewed and the significant risks (usually 10-12), are tabled at quarterly board meetings to enable trustees to address emerging risks and progress on risk mitigation. This is a continuous process of risk assessment and mitigation which engages staff and trustees in a pro-active manner to ensure the company is not impeded in its work to deliver charitable objectives.
- The organisation has a Disaster Recovery Plan reflecting the wishes of the Trustees to protect the records and operations of the company in the event of a fire, flood or natural disaster. In 2011 CEIS Ayrshire moved email and computer records to a “cloud computing” platform to ensure the company can avail itself of the highest possible security protection for our company and client records.
- Corporate Services – CEIS Ayrshire staff are supported by CEIS Group Corporate Services to enable the group to meet its governance and operational functions. The mix of business units operating mainly in a contract management culture, requires a comprehensive and high quality corporate service support.

The main functions of the CEIS Ayrshire Board are to improve organisational performance and to ensure a high standard of governance. The Board works to achieve the best outcomes for the company by working in partnership with the management team. This model acknowledges that the officers have considerable expertise and experience and that board and management working in partnership will achieve the best outcomes for the company.

CEIS Ayrshire’s management team has a leadership function and is committed to the realisation of the company purpose, guided by our social enterprise values and principles. The management team works to achieve a balance between engaging and consulting with team members across the company and working in partnership with the CEIS Ayrshire directors to whom they are ultimately accountable.

The governance function is also of vital importance and each board member completes an induction programme and is offered relevant training and development so that they can contribute to company governance and performance as soon as possible after joining the board. Board priorities include: focusing on long term objectives, perpetuating an effective board, engagement in strategic planning, holding management accountable and reviewing the impact of the company.

CEIS Ayrshire Board members are selected on the basis of their expertise and experience but also due to their connection with the structures and sectors that overlap with CEIS Ayrshire business. This “boundary spanning” dimension helps the company identify and respond to external change. As the CEIS Ayrshire business is diverse, this leads to a wide range of performance objectives and broad sectoral boundaries. Board members composition is drawn from social enterprises, private sector and government agency.

The remit of the Board is as follows;

- Review and monitor finances;
- Ensure annual budgets are geared to long term sustainability;
- Review annual increment/pay/pension;
- Agree strategy to improve balance sheet;

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Report of the Trustees for the year ended 31 March 2020

- Ensure organisation is structured appropriately for market and within resources available;
- Explore best route to developing a learning and improving organisation, maximising individual skills/ experience;
- Governance and compliance issues;
- Bring financial/HR/structural issues of significance to main CEIS Board for consideration or action/approval.

The trustees have delegated day-to-day management responsibility to the General Manager, Stephen Hamill and the senior management team. The senior management team meet each month to review business performance including management accounts, key performance indicators, and innovation. Key issues are shared with staff via the company intranet and with Boards through quarterly board reporting.

CEIS Ayrshire services have three complementing strands; employability services, support to employers and local businesses and skills and training services. This includes a regional employability service, community development, capacity building and personal and vocational training services.

CEIS AYRSHIRE

Report of the Trustees for the year ended 31 March 2020

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of CEIS Ayrshire for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources. In preparing the 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution will be proposed at the Annual General Meeting that Wylie & Bisset (Audit) Limited be reappointed as auditors to the charity for the ensuing year.

Statement of Disclosure to the Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charity auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the trustees and signed on their behalf by:



Name: Ian Mitchell

Date: 18 August 2020

**CEIS AYRSHIRE
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF CEIS
AYRSHIRE FOR THE YEAR ENDED 31 MARCH 2020**

Opinion

We have audited the financial statements of CEIS Ayrshire (the 'charitable company') for the year ended 31 March 2020 which comprise the Charitable Company Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2020 and of the charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;
have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CEIS AYRSHIRE INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF CEIS AYRSHIRE FOR THE YEAR ENDED 31 MARCH 2020

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the report of the trustees; or
- adequate accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited; or
- the parent charitable company financial statements are not in agreement with the accounting records and return; or
- certain disclosures of directors; remuneration specified by law are not made; or
- we have not yet received all the information and explanations we require for our audit.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 11 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

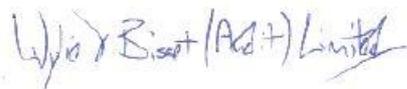
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**CEIS AYRSHIRE
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF CEIS
AYRSHIRE FOR THE YEAR ENDED 31 MARCH 2020**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed



Scott Gillon BA(Hons) FCCA CA
Senior Statutory Auditor
For and on behalf of Wylie & Bisset (Audit) Limited, Statutory Auditor

168 Bath Street
Glasgow
G2 4TP

Wylie & Bisset (Audit) Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Date: 18 August 2020

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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2020
(Including an Income and Expenditure account)

	Note	Unrestricted Funds Year to 31 March 2020 £	Restricted Funds Year to 31 March 2020 £	Total Funds Year to 31 March 2020 £	Unrestricted Funds Year to 31 March 2019 £	Restricted Funds Year to 31 March 2019 £	Total Funds Year to 31 March 2019 £
Income and endowments from:							
Charitable activities	4	39,455	1,314,664	1,354,119	44,180	1,459,059	1,503,239
Total Income		39,455	1,314,664	1,354,119	44,180	1,459,059	1,503,239
Expenditure on:							
Raising funds		-	-	-	-	-	-
Other trading activities		-	-	-	-	-	-
Charitable activities	5,6	35,502	1,314,664	1,350,166	35,281	1,459,059	1,494,340
Total Expenditure		35,502	1,314,664	1,350,166	35,281	1,459,059	1,494,340
Net movement in funds		3,953	-	3,953	8,899	-	8,899
Funds reconciliation							
Total Funds brought forward	12	373,186	-	373,186	364,287	-	364,287
Total Funds carried forward	12	377,139	-	377,139	373,186	-	373,186

The Statement of Financial Activities includes all gains and losses recognised in the period.

All income and expenditure derive from continuing activities.

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BALANCE SHEET AS AT 31 MARCH 2020

	Note	As at 31 March 2020 £	As at 31 March 2019 £
Fixed assets:			
Tangible assets	9	-	-
Total Fixed Assets		-	-
Current assets:			
Debtors	10	142,123	148,719
Cash at bank and in hand	15	289,454	240,138
Total Current Assets		431,577	388,857
Liabilities:			
Creditors falling due within one year	11	(54,438)	(15,671)
Net Current assets		377,139	373,186
Net assets		377,139	373,186
The funds of the charity:			
Unrestricted funds	12	377,139	373,186
Restricted income funds		-	-
Total charity funds		377,139	373,186

Approved by the trustees on 18 August 2020 and signed on their behalf by:



Name: Ian Mitchell

Company registration number: SC327751

The notes on pages 18 to 26 form part of these financial statements

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 MARCH 2020

	Note	Year to 31 March 2020	Year to 31 March 2019
		£	£
<i>Cash flows from operating activities:</i>			
Net cash (used in) operating activities	14	49,314	27,129
<i>Cash flows from investing activities:</i>			
Interest from investments		2	1
Purchase of equipment		-	-
Net cash (used in)/provided by investing activities		2	1
Change in cash and cash equivalents in the year		49,316	27,130
Cash and cash equivalent brought forward		240,138	213,008
Cash and cash equivalents carried forward	15	<u>289,454</u>	<u>240,138</u>

CEIS AYRSHIRE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

(b) Funds structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created funds for specific purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal.

Further details of each fund are disclosed in note 12.

(c) Income recognition

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

CEIS AYRSHIRE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting Policies (continued)

(d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (f) below.

- Expenditure on charitable activities includes Employability and other activities undertaken to further the purposes of the charity and their associated support costs;
- Other expenditure includes trading expenditure generated by the subsidiary companies

(e) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on the number of individual grant awards made in recognition that the administrative costs of awarding, monitoring and assessing research grants, salary support grants and postgraduate scholarships are broadly equivalent. The allocation of support and governance costs is analysed in note 5.

(f) Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and valued at historical cost. Depreciation is charged as follows:

Computer Equipment	Basis 33.3% on cost
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(g) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(h) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

CEIS AYRSHIRE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting Policies (continued)

(i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(j) Pensions

Employees of the charity are entitled to join a defined contribution scheme. The charity contribution is restricted to the contributions disclosed in note 7. There were no outstanding contributions at the year end.

(k) Financial instruments

The charity and its subsidiary companies only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

(l) Taxation

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

2. Legal status of the Charity

The Charity is a registered Scottish 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.

3. Related party transactions and trustees' expenses and remuneration

The Group CEO, Ian Mitchell is remunerated. For information on this remuneration, please see the accounts of the parent charity, Community Enterprise in Scotland (SC087515). All other trustees give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2019: £nil). It is not the practice of the charity to reimburse Trustee expenses. There were no donations made by trustees during the year (2019: £nil).

During the period CEIS Ayrshire rented office space owned by CVO East Ayrshire, of which one Trustee, Fiona Fawdry, is the CEO. The total cost to CEIS Ayrshire during the year in relation to this rental was £20,378 (2019: £20,378). CEIS Ayrshire also paid £35,184 (2019 - £43,572) in relation to rented property of which the landlord is related to one Trustee, Julie McLachlan.

CEIS AYRSHIRE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

4. Income from charitable activities

	2020 £	2019 £
Employability	1,354,119	1,503,239
	1,354,119	1,503,239

5. Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table below:

Cost type	Total allocated £	Governance related £	2020 total £	Basis of apportionment
Rent	63,058	-	63,058	<i>Usage</i>
Telephone/PPST	18,620	-	18,620	<i>Usage</i>
Client costs	147,449	-	147,449	<i>Usage</i>
Staff travel, training & recruitment	37,223	-	37,223	<i>Usage</i>
Equipment/Office costs	30,043	-	30,043	<i>Usage</i>
Management fees	232,341	-	232,341	<i>Usage</i>
Consultancy/ Professional fees	30,928	-	30,928	<i>Usage</i>
Sundries	4,237	-	4,237	<i>Usage</i>
Marketing	7,532	-	7,533	<i>Usage</i>
Total	571,431	-	571,431	

Cost type	Total allocated £	Governance related £	2019 total £	Basis of apportionment
Rent	66,744	-	66,744	<i>Usage</i>
Telephone/PPST	21,413	-	21,413	<i>Usage</i>
Client costs	202,822	-	202,822	<i>Usage</i>
Staff travel, training & recruitment	64,934	-	64,934	<i>Usage</i>
Equipment/Office costs	28,633	-	28,633	<i>Usage</i>
Management fees	222,907	-	222,907	<i>Usage</i>
Consultancy/ Professional fees	1,909	-	1,909	<i>Usage</i>
Sundries	6,117	-	6,117	<i>Usage</i>
Marketing	9,641	-	9,641	<i>Usage</i>
Total	625,120	-	625,120	

Governance costs:

	2020 £	2019 £
Consultancy	4,309	4,106

Allocation of governance and other support costs:

	2020 £	2019 £
Employability	4,309	4,106
Total allocated	4,309	4,106

CEIS AYRSHIRE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

6. Analysis of expenditure on charitable activities

	2020	2019
	£	£
Salaries & other staff costs	756,251	846,739
Overheads	14,015	15,576
Audit fee	2,820	2,799
IT costs	100	-
Bad debt write off	1,240	-
Governance costs (note 5)	4,309	4,106
Support costs (note 5)	571,431	625,120
	<u>1,350,166</u>	<u>1,494,340</u>

7. Analysis of staff costs and remuneration of key management personnel

	2020	2019
	£	£
Salaries and wages	670,005	749,180
Social security costs	45,082	57,539
Employer contributions to pension schemes	41,164	40,020
Total staff costs and employee benefits	<u>756,251</u>	<u>846,739</u>

	2020	2019
	No.	No.
The average number of persons, by headcount, employed by the charity during the year was:	<u>32</u>	<u>36</u>

Number of employees whose benefits fell within the following bands are as follows:

	2020	2019
	£	£
£60,000 - £70,000	-	-
£70,001 - £80,000	-	-

	2020	2019
	£	£
Key management personnel remuneration	<u>227,304</u>	<u>206,578</u>

8. Net income/(expenditure) for the year

This is stated after charging:

	2020	2019
	£	£
Auditor's remuneration:		
Audit fees – Company	2,820	2,799

CEIS AYRSHIRE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

9. Tangible Fixed Assets

	Computer Equipment £	Total £
Cost or valuation		
At 1 April 2019	12,258	12,258
Additions	-	-
Disposals	-	-
At 31 March 2020	<u>12,258</u>	<u>12,258</u>
Depreciation		
At 1 April 2019	12,258	12,258
Charge for the year	-	-
Eliminated on disposals	-	-
At 31 March 2020	<u>12,258</u>	<u>12,258</u>
Net book value		
At 31 March 2020	<u>-</u>	<u>-</u>
At 31 March 2019	<u>-</u>	<u>-</u>

10. Debtors

	2020 £	2019 £
Trade debtors	54,245	5,505
Other debtors	84,116	143,214
Amounts owed by related undertakings	3,762	-
	<u>142,123</u>	<u>148,719</u>

11. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	7,458	3,415
Amounts owed to related undertakings	65	31
Other creditors and accruals	30,572	12,225
Deferred income (Note 12)	16,343	-
Taxation and social security costs	-	-
	<u>54,438</u>	<u>15,671</u>

CEIS AYRSHIRE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

12. Deferred income

	2020 £	2019 £
Balance as at 1 April 2019	-	-
Amount deferred in year	16,343	-
Balance as at 31 March 2020	<u>16,343</u>	<u>-</u>

Deferred income relates to funding received in advance.

12. Analysis of charitable funds

Analysis of Fund movements to March 2020	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted funds					
General funds	373,186	39,455	35,502	-	377,139
Total unrestricted funds	<u>373,186</u>	<u>39,455</u>	<u>35,502</u>	<u>-</u>	<u>377,139</u>
Restricted fund					
NAC	-	711,259	711,259	-	-
SDS	-	138,003	138,003	-	-
ITA	-	72,600	72,600	-	-
SALUS	-	170,448	170,448	-	-
Building Brighter Futures	-	29,581	29,581	-	-
Ahead/Tandem	-	72,599	72,599	-	-
EAC Pipeline	-	120,174	120,174	-	-
Total restricted funds	<u>-</u>	<u>1,314,664</u>	<u>1,314,664</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS	<u>373,186</u>	<u>1,354,119</u>	<u>1,350,166</u>	<u>-</u>	<u>377,139</u>

Analysis of Fund movements to March 2019	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted funds					
General funds	364,287	44,180	35,281	-	373,186
Total unrestricted funds	<u>364,287</u>	<u>44,180</u>	<u>35,281</u>	<u>-</u>	<u>373,186</u>
Restricted fund					
NAC	-	742,590	742,590	-	-
D&G Outreach	-	32,263	32,263	-	-
SDS	-	107,674	107,674	-	-
ITA	-	72,200	72,200	-	-
SALUS	-	185,289	185,289	-	-
Building Brighter Futures	-	19,448	19,448	-	-
ATP	-	141,452	141,452	-	-
EAC Pipeline	-	158,143	158,143	-	-
Total restricted funds	<u>-</u>	<u>1,459,059</u>	<u>1,459,059</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS	<u>364,287</u>	<u>1,503,239</u>	<u>1,494,340</u>	<u>-</u>	<u>373,186</u>

12. Analysis of charitable funds (continued)

a) The unrestricted funds are available to be spent for any of the purposes of the charity.

b) Restricted funds comprise:

NAC – This is a contract with North Ayrshire Council. CEIS Ayrshire was the preferred supplier for two contracts - Case Management and Job Brokerage.

Skills Development Scotland (SDS) – This contract looks to support unemployed clients at Stage 2, 3 & 4 of the strategic skill pipeline with certified training, work experience and employment.

ILA/ITA – This is a service which provides short training courses to clients eligible for funding through SDS Individual Learning/Training Accounts funding. This is paid directly from Scottish Government.

SALUS – This is a health case management service in order to progress a number of unemployed residents with health barriers into and along the pipeline currently procured through North Ayrshire Council.

ATP – The Ayrshire Traineeship Programme; Youth Employment Initiative and Developing Young Workforce funded training programme for 16-29 year olds who had been inactive for 6 months across Ayrshire.

EAC Pipeline – This is an engagement and barrier removal service for those further away from the labour market, with training included. This service links into the rest of the East Ayrshire Council Pipeline contracts.

D&G Outreach – Primarily focused on identifying and engaging with residents from specifically defined areas of social exclusion within Dumfries. As part of D&G Council's Anti-poverty strategy and using a variety of methods, including street work and door knocking, outreach service provision in local community centres, libraries and other community facilities, the aim was to support local residents to access services which would benefit them

Building Brighter Futures –Designed to help school leavers (16-18) transition from school either into work, education or training. The project aims to provide the young people with centre-based support, including Resilience, personal development and employability training and a work experience placement. Based in Dumfries & Galloway.

Ahead/Tandem - An Asset Based Community Development project based across four localities in North Ayr.

CEIS AYRSHIRE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

13. Net group assets over funds

Net Assets to March 2020	Unrestricted Funds	Restricted Funds	Total 2020
	£	£	£
Fixed assets	-	-	-
Debtors	142,123	-	142,123
Bank & Cash	289,454	-	289,454
Creditors	(54,438)	-	(54,438)
	<u>377,139</u>	<u>-</u>	<u>377,139</u>

Net Assets to March 2019	Unrestricted Funds	Restricted Funds	Total 2019
	£	£	£
Fixed assets	-	-	-
Debtors	148,719	-	148,719
Bank & Cash	240,138	-	240,138
Creditors	(15,671)	-	(15,671)
	<u>373,186</u>	<u>-</u>	<u>373,186</u>

14. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2020	2019
	£	£
Net income for the year (as per the Statement of Financial Activities)	3,953	8,899
Adjustments for:		
Depreciation charges	-	-
Loss on disposal of fixed assets	-	-
Interest from investments	(2)	(1)
(Increase)/decrease in debtors	6,596	156,793
(Decrease)/increase in creditors	38,767	(138,562)
Net cash provided by/(used in) operating activities	<u>49,314</u>	<u>27,129</u>

15. Analysis of cash and cash equivalents

	2020	2019
	£	£
Cash in hand	289,454	240,138
Total cash and cash equivalents	<u>289,454</u>	<u>240,138</u>