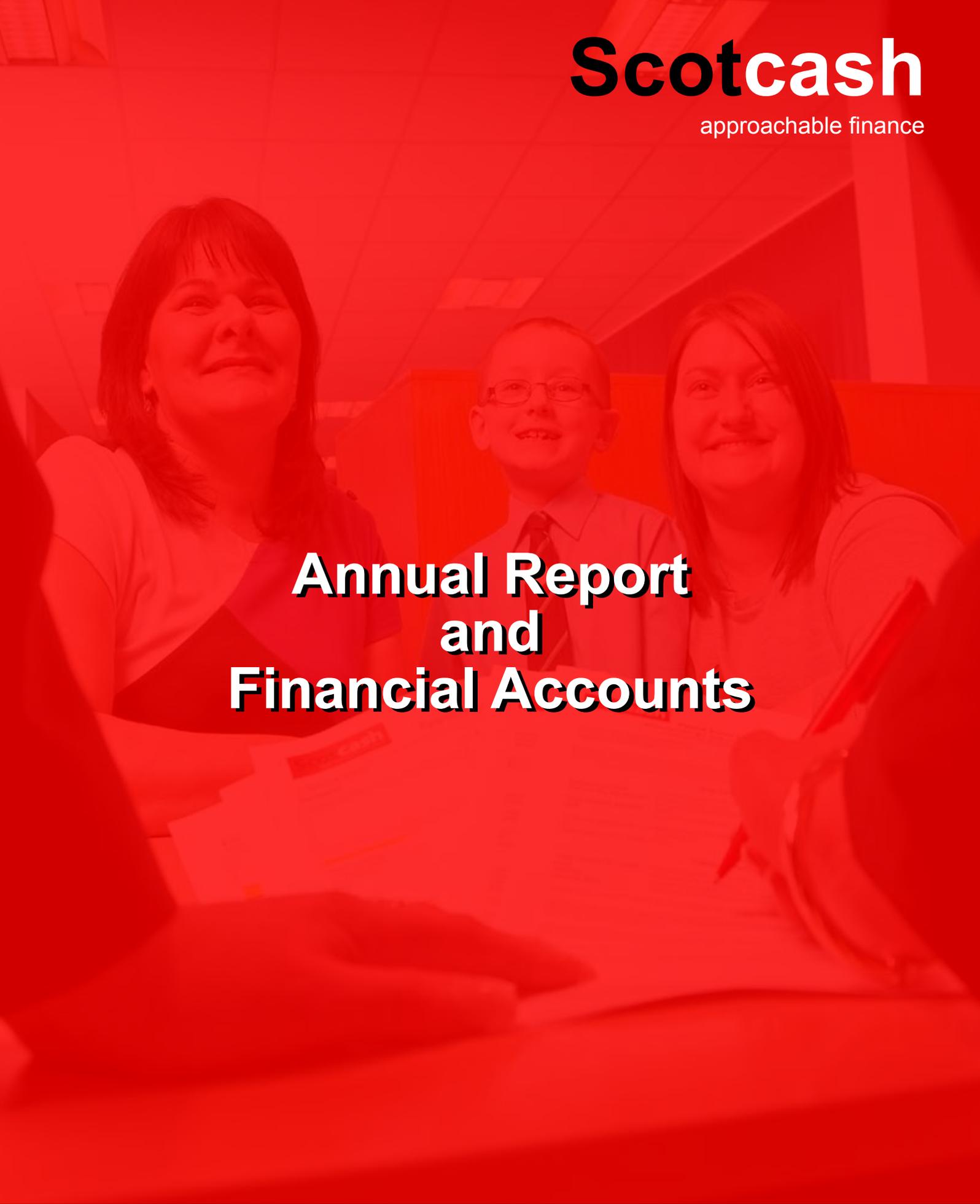


Scotcash

approachable finance



Annual Report and Financial Accounts

money advice

| loans

| bank accounts

OUR MISSION

Scotcash is an independent social business reducing financial exclusion in Glasgow by increasing access to **affordable loans, basic bank accounts, savings accounts and high quality money advice**. For those unable to access mainstream financial services, we offer a direct alternative to doorstep lending, illegal money lending, and other expensive forms of credit whilst providing holistic services designed to promote financial inclusion.

Any profits we make in the course of us carrying out our objectives will be **reinvested** in the company to enable us to continue providing valuable help and services within the **community** we serve.

OUR VISION

To save the citizens of Glasgow over **£29.1M** in unnecessary costs when it comes to borrowing money.

OUR SAFEGUARDS

In protecting the future of Scotcash, the business operates within policies and procedures as laid down by the Board of Directors. Meetings of the Board are convened regularly throughout the year, and as a minimum will be once quarterly, where performance, standards and risks will be reviewed with action plans being implemented where appropriate.

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REPORT BY THE CHAIR

I am delighted to welcome you to the Scotcash 4th annual report.

Over the last year, the Glasgow economy has continued to suffer from the effects of the recession. High unemployment combined with substantial rises in the prices of 'the basics' – food and energy – have continued to make life difficult for those with limited personal and household income, and the spectre of falling into debt remains all too real for far too many people. We have therefore experienced a growing demand for affordable finance, and have significantly increased the scale of our activities.



Since we commenced trading in January 2007 we have continued to expand the range of financial services we provide to the growing number of residents of Glasgow who are, by and large, excluded from mainstream finance markets. As reported in last year's annual report, we have also continued to extend outwards and are now operating in the 7 council areas which surround Glasgow. Although we are still concentrating our core activities in the Glasgow area, it is interesting to note that 11% of all new customers last year came from the surrounding areas – word is spreading!

We continue to provide the following products and services:

AFFORDABLE LOANS

- A cost-effective alternative for loans where a Bank or Building Society cannot help.
- Interest rates which are less than one fifth of the rate charged by home credit lenders.*
- Loans are based on current circumstances, not past credit history.
- Fixed regular repayments by direct debit, either weekly, fortnightly or monthly.
- Bank accounts can be opened for those who don't currently have one.

BASIC BANK ACCOUNTS

- Quick and easy set up : Scotcash money advisers complete all the necessary paperwork.
- The account is a recognised bank account offered through Royal Bank of Scotland (RBS).
- No visit to the bank is necessary (for those intimidated by banks).
- Wages or benefits can be paid in direct to the account.
- Having a bank account saves people money when bills are paid by direct debit.

SAVINGS ACCOUNTS

- Quick and easy set up : Scotcash loan officers complete all the necessary paperwork.
- The account is opened by Scotcash, but held with Glasgow Credit Union.
- Savings are collected from the same direct debit as the loan repayment.
- Minimum saving amount from as little as £2 per week.
- Being a Credit Union saver is the first step towards financial inclusion.

MONEY ADVICE

- The service continues to be provided by Glasgow Central Citizens Advice Bureau.
- Two full time permanent money advisers based on site.
- The service is open to anyone who needs advice on money related issues.
- The service is free, impartial, independent and confidential.
- Customers opening bank accounts for the first time, can have advice on how to best manage their account, in particular, how to avoid fees and charges.

During the year we established a partnership with the Glasgow Home Energy Advice Team (G-Heat) who were established to help people in Glasgow make their homes more energy efficient. Over time the partnership with G-Heat has developed and become a key service offering of Scotcash. G-Heat hold an advice and information surgery in the Scotcash office every Monday morning and in addition to this, they hold a full day surgery once per month. The services they provide are:

G-HEAT

- A home visit service providing tailor-made advice on energy efficiency in the home
- Help with understanding fuel bills, meter readings and accessing the best energy tariffs
- Help to switch energy suppliers when a more cost-effective tariff is found
- Help to agree payment plans with suppliers when bills cannot be met

During 2010/11 we have operated at full capacity in

- Dealing with 3,358 enquiries
- Writing 1,291 loans totalling £739,000
- Opening 227 basic bank accounts
- Helping 71 of our customers to open Credit Union savings accounts
- Providing money and debt advice to 674 new clients, generating £406,000 of client benefit through reconfiguring/rescheduling debts and benefit advice.

Because we operate on a not-for-profit basis, we strive to keep our costs down as much as possible, and as such we still have a relatively small team dealing with a very high volume of customers and clients who need a lot of support. It is particularly pleasing to therefore report that in our 2010/2011 annual customer survey new customers scored us 9.95 out of 10 for customer service, and repeat borrowers scored us 9.63 out of 10. Our customers also told us that, on average, 3 people close to them experienced some kind of positive impact as a result of our loan, which means that during the past year alone, we can say that we have in some small way improved the lives of almost 4,000 people.

As part of our business development programme for the year we commissioned an independent review of our performance and impact over our first three years of operation. This review – undertaken by Sheffield University concluded that “by the standards of other Community Development Financial Institutions (CDFI’s) growth has been very rapid and targeting on the poorest areas, at well over 90% has been outstanding”, that “subjective testimony by clients on the impact of Scotcash is overwhelmingly positive” and that overall “Scotcash is one of the major players in the CDFI market”. During the evaluation, the researchers interviewed a number of Scotcash customers, and you will see some of the quotes supplied detailed on the next page.

As we look forward, the Board of Scotcash has developed a new long term business plan which builds on the recommendations made in the independent evaluation and which will combine average annual growth of 12% in the number of loans made and the establishment of a new branch office in partnership with North Glasgow Housing Association, with cost effective management practices designed to ensure the financial sustainability of the business.

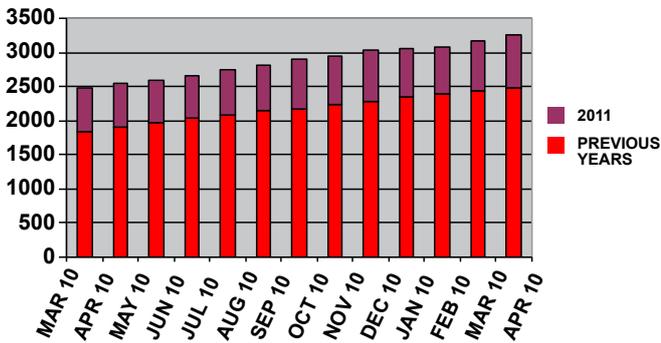
The continued growth of Scotcash during 2010/11 would not have been possible without the active support of our founding partners, Glasgow City Council, Glasgow Housing Association, and RBS. Thanks should also be given to the Citizens Advice Bureau for providing our money advisers, Glasgow Credit Union for helping us to open Credit Union savings accounts, and G-Heat for providing their energy advice services. The Board also recognise that the success of the business is due in large part to the efforts of a loyal and dedicated staff team.

Steve Inch OBE
CHAIRMAN

*Comparison taken from Provident website at www.providentpersonalcredit.com on 24/08/11. £500 over 52 weeks; repayments of £17.50, total amount repayable £910.00, APR 272.2%. Scotcash comparison; £500 over 52 weeks; repayments of £10.76, total amount repayable £584.52, APR 39.13%.

GENERAL STATISTICS

Customer/Client Numbers
Customer growth remains strong at 30%



- 80% of all new loan customers are referred by friends or relatives
- 81% of all loan customers are in receipt of full or partial benefits
- 86% of loan customers live in rented property
- 84% of loan customers are under the age of 49
- 74% of money advice clients asked for help/training to operate a bank account
- 52% of money advice clients asked for help in claiming benefits

OVER THE PAST FOUR YEARS, SCOTCASH HAVE RECORDED THE FOLLOWING STATISTICS:

Number of new enquiries	12,082
Number of loan applications	10,488
Value of loans advanced	£2,535,469
Number of basic bank accounts	1,036
Number of savings accounts	317

Cases opened by Money Advice	2,194
Average gain* per client	£1,836
Value of debts advice given on	£5,951,949
Number of evictions prevented	184

We measure the amount of interest we have saved people by comparing how much they would have paid, if they had taken the same loan over the same term with a home credit provider. On average we save each customer £301.07. Since we started trading, we have collectively saved our customers

£1,366,578

*Client gain: the amount of money that our CAB money advisers have saved people. Collectively, since opening, this figure works out at

£2,183,274

Service Split

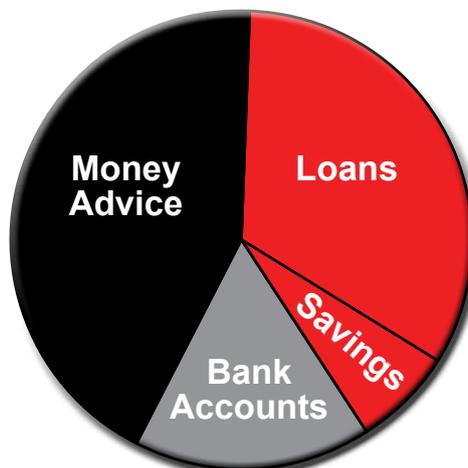
Our product and service split is demonstrated as follows:

"It helped us to survive and saved our family Christmas"

Single Parent, Gorbals

"Scotcash have helped a lot, better sleep, have been worrying less about meeting repayments. Less worry about creditors knocking on the door-I can now relax at home"

Couple, Glasgow



"We have no debt now, so more peace of mind. We now save up if we want anything"

Married, G32 area

"I got the loan to have a holiday with my young child. I felt it gave me good bonding time that was stress free"

Single Parent, Pollok

OVERVIEW FROM THE GENERAL MANAGER

It is difficult to believe that Scotcash has celebrated its 4th birthday already. Whilst we are still a somewhat young CDFI we have seen demand for our services soar and have now provided services to almost 4,000 people¹.

I am proud to be part of a vibrant office, with a dedicated, enthusiastic and supportive workforce, both from within the office and from our board. Not that working in Scotcash is without its pressures and stresses; there are the usual deadlines and demands of any professional organisation, yet, the underlying satisfaction, achievement and fostering of working relationships give a dynamic within the office that is difficult not to enjoy and appreciate during some of the busiest of times.



One of the most frustrating times for me occurs when we struggle to meet the demand for our service – financial exclusion including access to affordable credit, bank accounts and other related financial advice is still a major issue for a significant number of Glaswegians and we recognise that there is still much more to be done in meeting demand and providing accessible services across the city. However, it is only through the dedication and sheer hard work of all the staff that we are able to continually provide a high quality service to our customers.

Thanks as always goes to all the Scotcash staff who continue to deliver a high quality service in an ever busy environment. They have proved themselves flexible to the needs of the business and capable of dealing with demanding issues whilst maintaining a professional and supportive environment for our customers. Their hard work does not go unnoticed.

Bank Accounts

We have developed a strong partnership with Glasgow City Council to provide access to basic bank accounts for those who receive Housing Benefit. Current Council policy means that any individual who rents through a private landlord, should now have their Housing Benefit paid to them direct, instead of the funds being paid to the landlord, which was the case previously. The Council recognised that there was a strong possibility that many of these individuals would not have a bank account of their own in which to receive their benefit, so, by working together we put in place a robust referral mechanism for Glasgow City Council staff to ensure that those who didn't have a bank account didn't lose out. We hope to continue this effective partnership over the coming year where the next big policy change will affect those in receipt of Clothing Grants. Opening basic bank accounts remains a significant proportion of our work and special thanks should be given to our Citizens Advice Bureau staff who have been invaluable in dealing so efficiently with such a high demand.

¹ Formally recorded services have been provided to 3,990 individuals who have attended a face to face interview. Informal advice and signposting are also provided to a significant number of individuals over the telephone; services which are additional to face to face interviews, but not recorded.

Sheffield University

During the year we have also received a glowing accolade from Sheffield University through their independent evaluation of the impact Scotcash makes on individuals over a long period of time. The study formed part of a larger inquiry into community finance as an innovative tool providing routes out of poverty. The researchers spoke to almost 130 Scotcash customers between 2007 and 2009 and established that we were the most successful CDFI in the UK at easing financial exclusion.

The research identified that there was also a slight improvement in health outcomes reported in the Scotcash sample by comparison with the control group². Often, they found, clients' health improved not only because their debts declined, but because they felt they had their finances under control and could stop worrying about them.

A good dozen other respondents, tongue maybe slightly in cheek, answered an open-ended question, '*If you experienced a sudden financial shock and needed £1000 in a hurry, what would you do?*' with the words 'Ring Scotcash!'

The key messages are that our organisation's flexibility is appreciated, as is its ability to reduce worry by making much-needed consumer goods and services affordable, together with the improvement in interpersonal relations, not just material benefits, which it produces.

We at Scotcash extend our appreciation to Professor Paul Mosley who led on the study and to all our customers who kindly agreed to take part.

If you would like a copy of the full report, please get in touch.

**Leah Cameron,
GENERAL MANAGER**

² The control group consists of individuals who are selected by location so as to be as similar as possible as the Scotcash client group, except for the fact that they have not received CDFI loans

HELP YOU CAN BANK ON

A PIONEERING SERVICE OFFERS LOANS TO PEOPLE IN SOME OF THE POOREST AREAS OF GLASGOW.

ARTICLE PUBLISHED IN THE HERALD, MAY 2011, BY STEPHEN NAYSMITH

HOW MANY PEOPLE NOWADAYS DON'T HAVE BANK ACCOUNTS?

Leah Cameron, manager of Scotcash, recently got an eye-opening insight. When Glasgow City Council wanted to change the way it paid money to people entitled to clothing grants, it wrote to affected residents. If they were "unbanked" they should get in touch with Scotcash, the letter suggested.

Staff at the Community Development Finance Institution (CDFI) were besieged. "The council had estimated a percentage who would still not have bank accounts. I thought we'd have the odd call here or there. Instead, we are now booked up right through to the middle of June with appointments," says Ms Cameron.

A CDFI usually provides affordable loans to households which would otherwise have difficulty saving and getting access to conventional credit. Some 45,000 people in Glasgow use home-collected credit. These are loans collected weekly, by legitimate consumer credit companies such as Greenwood, Provident or local company IC Loans.

While a £500 loan from one of these companies might cost an additional £400 in interest, a similar loan from Scotcash would cost just £80 or £90, according to Ms Cameron.

But what makes Scotcash different is its holistic approach. In addition to loans, the social enterprise offers bank accounts and credit union savings accounts, and has two full-time money advisers working on site at its office in Glasgow's High Street.

"We are the only personal lending CDFI in Scotland and the only one offering basic bank accounts and savings accounts in the whole of the UK," says Ms Cameron.

That's a view which has now been given credence by a two-year independent evaluation carried out by the University of Sheffield. Professor Paul Mosley, of the university's economics department, concluded that its customers saw their household income rise on average by 19% after involvement with Scotcash. Average savings increased from £58 to £102, and they were more likely to stop using home or doorstep credit.

"Over its short life so far, Scotcash has been one of the most successful UK institutions working in the field of financial inclusion," says Prof Mosley. "It just shows what can be done by focusing on the basics, which are strict loan discipline, coupled with sympathetic support and practical advice."

Launched in January 2007, the company aims to provide a ladder out of poverty for families who are often unable

to access high street banking services.

"They may not have the right ID, or they could have had credit problems in the past, or maybe they have never had credit at all," Ms Cameron explains. "Some people are just frightened of dealing with banks."

"What Professor Mosley's study is showing is that we are doing what we were set up to do. One of the questions they asked clients was whether they or their family had ever gone without food, or had to choose between heating and feeding themselves. It showed that we were dealing with people who had that kind of dilemma to face."

Andrina Dickson, 28, has been a Scotcash client for four years. She says: "I have never had to use a loan shark, but I know plenty of people who have. There's more to Scotcash than just getting a loan. They also offer money advice, which I've found great."

The company helped her reschedule existing debts and take control of her finances. "You get yourself in such a mess," she admits. "I'd borrowed money to pay for a suite, but the payments were too high. They spoke to the company and managed to get the payments down. I first went to them because I wanted a new fireplace and to decorate the flat. If you

are having trouble with your repayments you only have to phone them and they are really helpful. Other companies send you threatening letters. It's a brilliant service."

Julia Kirk, 45, from the Gorbals says even for those on minimal incomes, there are always loans available elsewhere. "There are guys who can get you this or that. But you seem to be paying for the rest of your life. It never seems to stop."

After initially borrowing money from Scotcash, she now pays £5 a week into a credit union with them. "You forget all about it so it's a bonus at the end of the year when you find you've a couple of hundred pounds extra," she says.

Many clients are single parents, in rented accommodation and dependent on benefits. Few have assets such as their own home or car. Average incomes are below the poverty line, Ms Cameron says.

She insists the company can

help most people – although it won't lend to people if it is not best advice. "If they can't afford it, we won't put them under any more financial stress," she explains. "But everybody should leave with some kind of advice and often we can find people who are paying too much for utilities, or not budgeting properly.

"If they want a loan but we don't think they can afford to repay it, we will say, OK prove it to us. Put £10 a week aside – and if you can do that we will go for it."

Backed by Glasgow City Council and Glasgow Housing Association, Scotcash is an independent company, a social business which relies on income from its customers to keep trading. So far it has made 4000 loans to families and helped 1036 people open basic bank accounts.

The city council is keen to see others copy the model. Steve Inch, formerly executive director of development and

regeneration in Glasgow, is now chair of the Scotcash board. He says: "Most people will understand that once you are in debt, it can be difficult to get back on an even keel. What they might not appreciate is how much harder it can be for those in deep poverty, who often don't even have access to normal banking.

"The people in our communities in most need of advice and support are also those most likely to fall prey to loan sharks and doorstep lenders. That's not a situation that is unique to Glasgow, but for the moment Scotcash is."

There are around 70 community Development Finance Institutions in the UK, with an estimated 20,000 clients. They are different from credit unions, as they offer loans without the requirement of clients to save regularly. Many clients would be turned away by credit unions.

BY STEPHEN NAYSMITH



FINANCIAL ACCOUNTS

Independent auditors' report to the members of Scotcash CIC

We have audited the financial statements of Scotcash CIC for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom 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 auditors

As explained more fully in the directors' responsibilities statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

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 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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.
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Jenny Simpson (Senior Statutory Auditor)

For and on behalf of Wylie & Bisset LLP Statutory Auditors

168 Bath Street
Glasgow,
G2 4TP

26 October 2011

Profit and loss account*for the year ended 31 March 2011*

	2011	2010
	£	£
Turnover	131,787	117,110
Administrative expenses	(365,398)	(338,335)
Other operating income	207,379	167,653
	<hr/>	<hr/>
Operating loss	(26,232)	(53,572)
Other interest receivable and similar income	11,757	15,470
Capital funding grants received	568,860	151,388
	<hr/>	<hr/>
Profit on ordinary activities before taxation	554,385	113,286
Tax on profit on ordinary activities	19	2,365
	<hr/>	<hr/>
Profit for the year	554,404	115,651

Balance sheet
at 31 March 2011

	£	2011 £	£	2010 £
Fixed assets				
Tangible assets		12,408		19,243
Current assets				
Debtors	439,577		425,330	
Cash at bank and in hand	1,611,617		1,687,851	
		-----		-----
Creditors: amounts falling due within one year	2,051,194 (156,906)		2,113,181 (183,905)	
		-----		-----
Net current assets		1,894,288		1,929,276
		-----		-----
Total assets less current liabilities		1,906,696		1,948,519
Creditors: amounts falling due after more than one year		-		(20,000)
Accruals and deferred income		(738,553)		(1,314,780)
		-----		-----
		1,168,143		613,739
		-----		-----
Capital and reserves				
Profit and loss account		1,168,143		613,739
		-----		-----

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

Approved by the Board for issue on 26 October 2011

Stephen Inch
Chair

Mark Logan
Director

Eric Munro
Director

Registered Number SC309656

COMPANY INFORMATION

Address:	55 High Street GLASGOW G1 1LX
Contact Details:	Tel: 0141 276 0525 Fax: 0141 276 0522 Web: www.scotcash.net
Directors	Stephen Inch CHAIR Lynn Brown David Fletcher Morag Johnston Hugh Kelly Sharon MacPherson Eric Munro Andrew Robertson Ian Sillars Robert Tamburrini Mark Logan
Staff (Scotcash)	Leah Cameron Susan McClelland Will Laverty Linzi Wilson Emma Paterson Lisa Tominey Niamh Tynan
Staff (CAB at Scotcash)	Robert MacKay Noreen Mulheron
Secretary	Burness LLP
Registered office	55 High Street Glasgow G1 1LX
Auditors	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Bankers	Royal Bank of Scotland plc 10 Gordon Street Glasgow G1 3PL
Solicitors	Burness LLP 120 Bothwell Street Glasgow G2 7JL

ACKNOWLEDGEMENTS

The board, management and staff would like to thank the following people and organisations for their support and assistance over the past year.

Glasgow City Council

DRS: Graphics
Financial Services

Royal Bank of Scotland

Corporate Banking
Exceptions 2 Team
Management & Staff of George Street branch.

Glasgow Housing Association

Regeneration Team

Burness LLP

Castlemilk Budgeting Services

COSLA

Department of work and pensions

Lender Management Team

G-Heat

Glasgow Central Citizens Advice Bureau

Glasgow Credit Union

The Glaswegian

Henderson Loggie

John Young, Young Media

Legal Services Agency

Niall Alexander

New Two

North Glasgow Housing Association

Professor Paul Mosley

Reproprint

Second Opportunities

Starter Packs

Stephen Naysmith, The Herald

Wylie & Bisset



PICTURES DISPLAYED ON FRONT COVER AND ON PAGE 7 SUPPLIED BY YOUNG MEDIA

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Scotcash

approachable finance



money advice

loans

bank accounts