

**GRAMPIAN COMMUNITY CARE  
CHARITABLE TRUST**

(Company Number: SC168624)

(Charity Number: SC025334)

*(A company limited by guarantee and not having a share capital)*

**DIRECTORS' REPORT AND ACCOUNTS**

**31 MARCH 2009**

GRAMPIAN COMMUNITY CARE CHARITABLE TRUST  
REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2009



| CONTENTS                                       | PAGE |
|--|------|
| LEGAL AND ADMINISTRATIVE INFORMATION .....     | 1    |
| DIRECTORS' REPORT .....                        | 2    |
| STATEMENT OF DIRECTORS' RESPONSIBILITIES ..... | 6    |
| REPORT OF THE AUDITORS .....                   | 7    |
| STATEMENT OF FINANCIAL ACTIVITIES .....        | 8    |
| INCOME AND EXPENDITURE ACCOUNT .....           | 9    |
| BALANCE SHEET .....                            | 10   |
| NOTES ON THE ACCOUNTS .....                    | 11   |

## **DIRECTORS AND TRUSTEES**

The directors of the charitable company are its trustees for the purposes of charity law. The directors are as follows:

|                       |                                |                            |
|-----------------------|--------------------------------|----------------------------|
|                       | Nominated by:                  | Chairperson                |
| Bruce Anderson        |                                | Vice Chairman              |
| Gordon Kyle           | Castlehill Housing Association |                            |
| Alan Grant            | Langstane Housing Association  |                            |
| Mike Allan            | Grampian Housing Association   |                            |
| Dennis Wood           | Langstane Housing Association  | Treasurer                  |
| Jack Nicoll           | Castlehill Housing Association |                            |
| Aileen Malone         | Aberdeen City Council          | Councillor                 |
| Bill Murdoch          |                                |                            |
| Anne McKay            | The Moray Council              | Councillor                 |
| Barney Crockett       | Aberdeen City Council          | Councillor                 |
| Catriona McPhee-Smith |                                |                            |
| Steven Delaney        |                                | Appointed 15 October 2008  |
| Jayne Findlay         |                                | Appointed 26 February 2009 |

In addition the following were directors until the date of resignation:  
Sheila Henderson Resigned 17 December 2008  
James Cook Appointed 25 June 2008 and resigned  
26 February 2009

### **Secretaries**

Paull & Williamsons LLP

### **Registered office**

Union Plaza, 1 Union Wynd, Aberdeen, AB10 1DQ

### **Principal office**

Huntly House, 74 Huntly Street, Aberdeen, AB10 1TD

### **Auditors**

Anderson Anderson & Brown LLP, 9 Queens Road, Aberdeen, AB10 4YL

### **Bankers**

The Royal Bank of Scotland Plc, 40 Albyn Place, Aberdeen, AB10 1YN

### **Solicitors**

Paull & Williamsons, Union Plaza, 1 Union Wynd, Aberdeen, AB10 1DQ

The directors submit their report and the audited accounts of the charitable company for the year ended 31 March 2009.

Legal and administrative information set out on page 1 forms part of this report. The accounts comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (revised 2005).

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Nature of governing document**

Grampian Community Care Charitable Trust is a company limited by guarantee (company number SC168624) and recognised as a charity by the Office of the Scottish Charity Regulator (charity number: SC025334). The charitable company is governed by its Memorandum and Articles of Association.

### **Organisational structure**

A board of directors of up to 15 members, who meet bi-monthly, administers the charity. Each member Housing Association and Local Authority is entitled to put forward one board member but this is not compulsory.

A manager is employed by the directors to manage the operations of the charity with day to day activities being carried out by the member Housing Associations.

### **Recruitment and appointment of directors**

The powers for appointment and removal of Directors are set out in the company's memorandum and articles of association.

The resignation and appointment of directors who are local authority councillors are as a result of local authority elections.

Prospective independent directors are proposed by an existing director at a minuted board meeting before the individual is approached, and their appointment is based on the candidate's expertise and suitability to the role.

The members have the power to review the composition of the Board at an Annual General Meeting or at an Extraordinary General Meeting, subject to the provision that directors appointed by the three Housing Associations cannot be removed by the Members, Articles 24 and 35. Directors shall also vacate their office through disqualification as required under Articles 46 and 47.

### **Related parties and affiliations**

Castlehill, Grampian and Langstane Housing Associations are all members of Grampian Community Care Charitable Trust and provide management and development services to the Trust. Langstane Housing Association also provides financial services to the Trust.

### **Induction and training of Directors**

A training and induction manual is provided for all new directors and a programme of site visits to properties is ongoing for new directors.



## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Risk management

The directors have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finance of the company and are satisfied that the systems are in place to manage the exposure to major risks.

### Objectives and Activities

Grampian Community Care Charitable Trust was incorporated on 27 September 1996 with the primary objective of providing affordable, specialised housing for people who are unable to live independently in the community.

Initially the main focus of the Trust from its inception has been the NHS Grampian Hospital Resettlement Programme, the aim of which is to provide accommodation in the community for people living in long stay hospital care.

A further progression from this is to provide suitable family accommodation for those with a family member who have specialised requirements.

The directors have agreed a vision statement to guide them in developing the future activities of the Trust: *"To enable people with particular needs to have the dignity of living in their own homes"*.

During the year the charity aimed to establish its own development programme by either the development of new build properties or by the purchase of off-the-shelf properties.

In order to achieve the objectives the charity has engaged with stakeholders to identify opportunities for development, and has also actively participated in the open housing market.

The company's main sources of funding are obtained from The Scottish Housing Regulator (previously Communities Scotland) in the form of Special Needs Capital Grants, Local Authorities and private borrowings. Opportunities to develop the company's portfolio of affordable and specialised housing is assessed on a needs basis and no project is undertaken unless it is financially viable.

## ACHIEVEMENTS AND PERFORMANCE

The current housing market in North East Scotland provides a financial obstacle in procuring off-the-shelf properties at a realistic price.

With the changes within the regulatory body from Communities Scotland to the Scottish Government (The Scottish Housing Regulator) the future of Special Needs Capital Grant (SNCG) is in doubt. Alternative funding sources will require to be identified to continue with future additions to the Trust's stock. With this in mind, developments for 2009/10 include an owner occupied arrangement at Irvine Park, Newmacher.

## FINANCIAL REVIEW

The results for the year are set out in the Statement of Financial Activities on page 8 and the Income and Expenditure Account on page 9. The Directors of the Company are of the opinion that the state of affairs of the Trust as shown on the Balance Sheet on page 10 is satisfactory.

## FINANCIAL REVIEW (continued)

The surplus for the year was £91,749 (2008 - £89,265) before £187,186 was transferred to designated reserves. The surplus for the year has reduced due to the decision of the company to withdraw from the SFHA pension scheme. The cost of withdrawing from the scheme was £130,306 and this liability has been recorded in the 31 March 2009 accounts.

The unrestricted reserves are made up of a general reserve of £113,939 (2008 - £209,376) and designated reserves of £1,072,641 (2008 - £885,455). The Trust has a restricted fund (note 18) which consists of grants received and expended on the acquisition and construction of properties.

### Investments

The policy of the Trust in the investment of cash is to achieve a satisfactory return while minimising risk. The overriding principle is to minimise risk rather than maximise return.

### Loan funding

The long term loans of the Trust total £2.46 million at 31 March 2009. No additional loan funding has been drawn down during the year.

### Reserves

It is the policy of the Trust to maintain three unrestricted funds, two of which are designated for specific purposes.

The general reserve represents those funds not tied up in fixed assets, designated and restricted funds. The Trust's policy is to maintain the general reserve at a level which equates to between three to six months unrestricted expenditure, which equates to between £183,000 to £367,000 of free reserves. This will provide sufficient funds to cover management and administration costs during any temporary interruption to the Trust's activities. The balance on the general reserve at 31 March 2009 was £113,939, due to an exceptional payment of £130k (pension crystallisation) which brought the reserve below this target range. The Board intends to monitor the general reserve annually to ensure the reserve remains at a satisfactory level. It is expected that the general reserve will return to within the target range before the end of March 2010.

The major repairs reserve has been designated by the Board to fund future planned maintenance - the appropriate level of this reserve has been determined from 25-year life cycle cost surveys carried out for all of the Trust's properties. The balance on the reserve at 31 March 2009 was £618,006, which the Board considers to be sufficient.

The services reserve has been designated to fund the replacement of specialised equipment provided by the Trust to tenants, and charged to tenants through a service charge. The specialised equipment is included with the houses for letting costs in the balance sheet. The amount transferred annually to this reserve is equivalent to the surplus of service charge income over costs incurred in the provision of services and replacement of equipment.

## PLANS FOR FUTURE PERIODS

It is the intention of the Board that the Trust will continue to work in partnership with statutory and voluntary providers of health and social care to identify and meet the needs of individuals who require specialist accommodation to enable them to live in their communities.



**PLANS FOR FUTURE PERIODS (continued)**

The future of Special Needs Capital Grant is no clearer than it was a year ago. In light of this fact the Board is exploring the future independent structure of the Trust and its relationship to partner organisations.

**PROVISION OF INFORMATION TO AUDITORS**

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

Anderson Anderson & Brown LLP have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the Board of Directors

BRUCE ANDERSON  
*Bruce Anderson - Director (Chairperson)*

2 DECEMBER 2009  
*Date*

**GRAMPIAN COMMUNITY CARE CHARITABLE TRUST**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**



Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the net income or expenditure of the company for that period. In preparing those accounts, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether or not applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- d) prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAMPIAN COMMUNITY CARE CHARITABLE TRUST



This report is issued in respect of an audit carried out under Section 235 of the Companies Act 1985 and Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the accounts of Grampian Community Care Charitable Trust for the year ended 31 March 2009 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Company Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and to the Charity's trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the company's members and charity trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, the company's members as a body, and the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described on page 6 the company's directors, who are the charity trustees, are responsible for the preparation of the Directors' Report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether or not the accounts give a true and fair view, are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the information given in the directors' report is consistent with the financial statements, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### Basis of opinion

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

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

### Opinion

In our opinion the financial statements:-

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, Regulation 8 of the Charities Accounts (Scotland) Regulation 2006 and the Companies Act 1985; and
- the information provided in the directors' report is consistent with the accounts.

ANDERSON ANDERSON & BROWN LLP

Anderson Anderson & Brown LLP  
Chartered Accountants  
Registered Auditors  
Aberdeen  
2 DECEMBER 2009

**GRAMPIAN COMMUNITY CARE CHARITABLE TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2009**



|   | Note | General<br>funds<br>£ | Designated<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2009<br>£ | Total<br>2008<br>£ |
|---|------|-----------------------|--------------------------|--------------------------|--------------------|--------------------|
| <b>INCOMING RESOURCES</b>                     |      |                       |                          |                          |                    |                    |
| Incoming resources from charitable activities | 2    | 821,091               | -                        | 56,807                   | 877,898            | 877,917            |
| Incoming resources from generated funds       |      |                       |                          |                          |                    |                    |
| Voluntary income                              | 3    | 516                   | -                        | -                        | 516                | 601                |
| Investment income                             | 4    | 7,862                 | -                        | -                        | 7,862              | 8,207              |
| <b>TOTAL INCOMING RESOURCES</b>               |      | <b>829,469</b>        | <b>-</b>                 | <b>56,807</b>            | <b>886,276</b>     | <b>886,725</b>     |
| Grants capitalised                            |      | -                     | -                        | (56,807)                 | (56,807)           | (114,005)          |
| <b>NET INCOMING RESOURCES</b>                 |      | <b>829,469</b>        | <b>-</b>                 | <b>-</b>                 | <b>829,469</b>     | <b>772,720</b>     |
| <b>RESOURCES EXPENDED</b>                     |      |                       |                          |                          |                    |                    |
| Cost of charitable activities                 |      |                       |                          |                          |                    |                    |
| Provision of accommodation                    | 5    | 603,214               | -                        | -                        | 603,214            | 679,260            |
| Exceptional costs                             | 5    | 130,306               | -                        | -                        | 130,306            | -                  |
|   |      | 733,520               | -                        | -                        | 733,520            | 679,260            |
| Governance costs                              | 5    | 4,200                 | -                        | -                        | 4,200              | 4,195              |
| <b>TOTAL RESOURCES EXPENDED</b>               |      | <b>737,720</b>        | <b>-</b>                 | <b>-</b>                 | <b>737,720</b>     | <b>683,455</b>     |
| Movement in total funds for the year          |      | 91,749                | -                        | -                        | 91,749             | 89,265             |
| Total funds brought forward                   |      | 209,376               | 885,455                  | -                        | 1,094,831          | 1,005,566          |
| Transfer between funds                        |      | (187,186)             | 187,186                  | -                        | -                  | -                  |
| Total funds carried forward                   | 16   | £ 113,939             | £ 1,072,641              | £ -                      | £ 1,186,580        | £ 1,094,831        |

The company has made no gains or losses other than as reported above.

The exceptional costs relate to the liability payable on the company's withdrawal from the Scottish Federation of Housing Association Retirement and Death Benefit Pension Scheme.

GRAMPIAN COMMUNITY CARE CHARITABLE TRUST  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2009



|                      | Note | 2009<br>£       | 2008<br>£       |
|----------------------|------|-----------------|-----------------|
| INCOME               |      |                 |                 |
| Donations            | 3    | 516             | 601             |
| Lease income         | 2    | 821,091         | 763,912         |
|                      |      | <u>821,607</u>  | <u>764,513</u>  |
| EXPENDITURE          |      |                 |                 |
| Net operating costs  | 6    | (592,248)       | (538,172)       |
| OPERATING SURPLUS    |      | 229,359         | 226,341         |
| Interest receivable  | 4    | 7,862           | 8,207           |
| Interest payable     | 7    | (145,472)       | (145,283)       |
| SURPLUS FOR THE YEAR |      | <u>£ 91,749</u> | <u>£ 89,265</u> |

The company has made no gains or losses other than as reported above.



GRAMPIAN COMMUNITY CARE CHARITABLE TRUST  
BALANCE SHEET - 31 MARCH 2009



|  | Note | 2009<br>£          | 2008<br>£          |
|--|------|--------------------|--------------------|
| FIXED ASSETS   |      |                    |                    |
| Land and buildings   | 10   | 9,117,099          | 9,176,999          |
| Less: grants   | 11   | 5,944,287          | 5,885,691          |
|  |      | <u>3,172,812</u>   | <u>3,291,308</u>   |
| CURRENT ASSETS   |      |                    |                    |
| Debtors  | 12   | 179,683            | 347,749            |
| Cash at bank   |      | 625,742            | 362,474            |
|  |      | <u>805,425</u>     | <u>710,223</u>     |
| CREDITORS: <i>amounts falling due within one year</i>          | 13   | 462,974            | 440,504            |
| NET CURRENT ASSETS   |      | <u>342,451</u>     | <u>269,719</u>     |
| TOTAL ASSETS LESS CURRENT LIABILITIES                          |      | 3,515,263          | 3,561,027          |
| CREDITORS: <i>amounts falling due after more than one year</i> | 14   | 2,328,683          | 2,466,196          |
| NET ASSETS   |      | <u>£ 1,186,580</u> | <u>£ 1,094,831</u> |
| UNRESTRICTED INCOME FUNDS                                      |      |                    |                    |
| General  | 16   | 113,939            | 209,376            |
| Designated   | 17   | 1,072,641          | 885,455            |
| TOTAL FUNDS  |      | <u>£ 1,186,580</u> | <u>£ 1,094,831</u> |

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors

BRUCE ANDERSON

*Bruce Anderson - Director (Chairperson)*

ALAN GRANT

*Alan Grant - Director*

2 DECEMBER 2009

*Date*

1. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice - Accounting and Reporting by Charities (revised 2005), the Charities Accounts (Scotland) Regulation 2006 and the Companies Act 1985. Due to the nature of the company's activities, the directors consider it appropriate that the company depart from the requirements of the Companies Act 1985 and SORP 2005 and adopt standard accounting practice for Housing Associations in respect of capital grants, in order for the accounts to show a true and fair view. An explanation of the departure is given at 1(e).

(b) *Incoming resources*

(i) Donations

Donations, including donations in kind, are credited to income in the year in which they are receivable.

(ii) Lease income

Lease income represents rental and service charge income receivable net of voids.

(iii) Revenue grants

Revenue grants are credited to income in the year to which they relate.

(iv) Intangible income

Intangible income, which comprises donated services being the provision of directors and other individuals to attend management meetings, has not been recognised in the Statement of Financial Activities as it has not been possible to obtain estimates of the financial cost borne by the donors.

(c) *Resources expended*

Liabilities are recognised when the charity has an obligation to make a payment to a third party.

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any irrecoverable VAT.

Expenditure is directly attributed to the relevant category within the Statement of Financial Activities where practical. Other expenditure is allocated on a pro-rata basis determined by the directors.

(d) *Tangible fixed assets - housing properties*

Housing properties are stated at historical cost. This cost includes:

- Cost of acquiring land and buildings
- Development expenditure
- Interest charged on the development loans raised to finance the scheme
- Directly attributable costs of administration of acquisition and development

1. ACCOUNTING POLICIES (continued)

(d) *Tangible fixed assets - housing properties* (continued)

Depreciation is charged on a straight line basis over the remaining expected useful life of the property. All properties are assumed to have a useful economic life of 50 years.

Properties (excluding land) are depreciated at 2% p.a. on original cost less the proportion of Special Needs Capital Grant and other grants relating to buildings.

(e) *Capital Grants*

Grants received in respect of tangible fixed assets have been used to reduce the cost of fixed assets in the Balance Sheet. Such grant income received in advance of incurring expenditure on fixed assets is taken to deferred income.

(f) *Taxation*

The company is recognised by HM Revenue & Customs as a charity and as a consequence of the tax reliefs available in relation to current year income is not liable to taxation.

(g) *Lease Commitments*

Rentals paid under operating leases are charged to income over the term of the lease.

(h) *Pension*

Grampian Community Care Charitable Trust contributes to a defined benefit pension scheme managed for the Scottish Federation of Housing Associations by The Pensions Trust. This scheme is subject to a formal actuarial valuation on a triennial basis using the projected unit method. Contributions to the scheme are charged to the income and expenditure account as occurred due to the fact that it is not possible to identify the share of the schemes underlying assets and liabilities.

(i) *Funds*

Funds held by the charity comprise:

Restricted funds

This fund represents amounts, received from sponsoring organisations, which have been earmarked for specific purposes by the donor.

Unrestricted funds

- General

This fund is expendable at the discretion of the Directors in furtherance of the objects of the Trust.



1. ACCOUNTING POLICIES (continued)

(i) *Funds* (continued)

- Designated

This fund represents funds earmarked for future major repairs and to fund the replacement of specialist equipment. The Trust maintains its properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future expenditure and the actual cost of repair will be charged to the Major Repairs reserve.

The amount transferred annually to the services reserve is equivalent to the surplus of service income over costs incurred in the provision of services and replacement of equipment.

2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

|                                    | 2009<br>£        | 2008<br>£        |
|------------------------------------|------------------|------------------|
| <b>Provision of accommodation:</b> |                  |                  |
| Lease income                       | 821,091          | 763,912          |
| Property grants received           | 56,807           | 114,005          |
|                                    | <u>£ 877,898</u> | <u>£ 877,917</u> |

3. VOLUNTARY INCOME

|           | 2009         | 2008         |
|-----------|--------------|--------------|
| Donations | <u>£ 516</u> | <u>£ 601</u> |

4. INVESTMENT INCOME

|                          | 2009           | 2008           |
|--------------------------|----------------|----------------|
| Bank interest receivable | <u>£ 7,862</u> | <u>£ 8,207</u> |

5. RESOURCES EXPENDED

|  | Cost of<br>charitable<br>activities<br>£ | Governance<br>£ | 2009<br>£        | 2008<br>£        |
|--|--|-----------------|------------------|------------------|
| <b>Provision of accommodation:</b>                     |  |                 |                  |                  |
| Property costs   | 540,222                                  | -               | 540,222          | 607,739          |
| Employment costs                                       | 20,496                                   | -               | 20,496           | 19,212           |
| SFHA affiliation                                       | 923                                      | -               | 923              | 923              |
| Printing, stationery & office                          | 2,455                                    | -               | 2,455            | 4,977            |
| Audit  | -  | 4,200           | 4,200            | 4,195            |
| Financial  | 27,208                                   | -               | 27,208           | 9,293            |
| Legal and professional                                 | 22,565                                   | -               | 22,565           | 34,742           |
| Bank charges   | 124                                      | -               | 124              | 561              |
| Insurance  | 2,384                                    | -               | 2,384            | 2,594            |
| Abortive and other costs                               | (13,163)                                 | -               | (13,163)         | (781)            |
|  | <u>603,214</u>                           | <u>4,200</u>    | <u>607,414</u>   | <u>683,455</u>   |
| <b>Exceptional costs:</b>                              |  |                 |                  |                  |
| Liability payable on withdrawal<br>from pension scheme | 130,306                                  | -               | 130,306          | -                |
|  | <u>£ 733,520</u>                         | <u>£ 4,200</u>  | <u>£ 737,720</u> | <u>£ 683,455</u> |

6. NET OPERATING COSTS

|   | 2009<br>£        | 2008<br>£        |
|---|------------------|------------------|
| Legal and professional                        | 22,565           | 34,742           |
| Auditors' remuneration                        | 4,200            | 4,195            |
| Day to day maintenance                        | 87,962           | 79,432           |
| Planned maintenance                           | 80,010           | 87,278           |
| Depreciation                                  | 57,668           | 67,211           |
| Property, management and administration costs | 339,843          | 265,314          |
|   | <u>£ 592,248</u> | <u>£ 538,172</u> |

7. INTEREST PAYABLE AND SIMILAR CHARGES

|  | 2009             | 2008             |
|--|------------------|------------------|
| On loans from banks payable wholly or partly in more than<br>five years by instalments | <u>£ 145,472</u> | <u>£ 145,283</u> |

8. STAFF COSTS AND EMPLOYEES

Staff costs in the year were as follows:

|                                    | 2009<br>£        | 2008<br>£       |
|------------------------------------|------------------|-----------------|
| Wages and salaries                 | 17,599           | 16,798          |
| Social security costs (net of SMP) | 1,074            | (3,851)         |
| Pension                            | 131,522          | 3,250           |
| Secondment costs                   | -                | 2,895           |
|                                    | <u>£ 150,195</u> | <u>£ 19,092</u> |

The increase in pension costs represents the liability payable on the withdrawal from the SFHA pension scheme.

The Trust employs one member of staff (2008 - one). As the Trust is deemed as a 'small employer' by HMRC all statutory maternity payments plus a compensation element are recoverable.

All other staff functions are performed by employees of Castlehill, Grampian and Langstane Housing Associations. Amounts charged for these services in the year are included in the amounts shown in note 21.

9. DIRECTORS' EMOLUMENTS

None of the Directors received any emoluments during the year (2008 - £nil). Professional indemnity insurance was provided for the Directors of the Trust at a cost of £1,386 (2008 - £1,386).

During the year travel expenses of £173 (2008 - £34) were paid to one of the trustees.



10. TANGIBLE FIXED ASSETS

|                      | Houses for<br>letting<br>£ | Houses<br>under<br>construction<br>£ | Total<br>£  |
|----------------------|----------------------------|--------------------------------------|-------------|
| <b>COST</b>          |                            |                                      |             |
| At 1 April 2008      | 9,471,546                  | 337                                  | 9,471,883   |
| Additions            | (2,232)                    | -                                    | (2,232)     |
| At 31 March 2009     | 9,469,314                  | 337                                  | 9,469,651   |
| <b>DEPRECIATION</b>  |                            |                                      |             |
| At 1 April 2008      | 294,884                    | -                                    | 294,884     |
| Charge for the year  | 57,668                     | -                                    | 57,668      |
| At 31 March 2009     | 352,552                    | -                                    | 352,552     |
| Net book amounts at: |                            |                                      |             |
| 31 March 2009        | £ 9,116,762                | £ 337                                | £ 9,117,099 |
| 31 March 2008        | £ 9,176,662                | £ 337                                | £ 9,176,999 |

All but one of the Trust's housing land and buildings is heritable property and is for the direct use of the charity.

Included within Houses for letting is a leased property amounting to £227,144 which is fully funded by grants.

Negative additions have occurred during the year due to the release of retentions no longer payable.

11. GRANTS

|                                      | 2009<br>£          | 2008<br>£          |
|--------------------------------------|--------------------|--------------------|
| Grants received at beginning of year | 5,952,603          | 5,838,598          |
| Deferred grant at beginning of year  | (66,912)           | (113,412)          |
|                                      | <u>5,885,691</u>   | <u>5,725,186</u>   |
| Capital grants received in year      | 58,596             | 114,005            |
| Release of deferred grant in year    | -                  | 46,500             |
|                                      | <u>£ 5,944,287</u> | <u>£ 5,885,691</u> |

12. DEBTORS

|   | 2009<br>£        | 2008<br>£        |
|---|------------------|------------------|
| Trade debtors                             | -                | 3,067            |
| Amounts owed by related parties (Note 21) | -                | 39,147           |
| Other debtors                             | 83,150           | 80,047           |
| Counselling & support debtor              | -                | 10,342           |
| Grants receivable                         | 96,533           | 215,146          |
|   | <u>£ 179,683</u> | <u>£ 347,749</u> |

13. CREDITORS: *amounts falling due within one year*

|   | 2009<br>£        | 2008<br>£        |
|---|------------------|------------------|
| Bank loans (Note 14)                      | 129,983          | 106,873          |
| Trade creditors                           | 1,967            | 18,143           |
| Rents in advance                          | -                | 32,418           |
| Amounts owed to related parties (Note 21) | 80,598           | 81,414           |
| Accruals and deferred income              | 250,426          | 201,656          |
|   | <u>£ 462,974</u> | <u>£ 440,504</u> |

14. CREDITORS: *amounts falling due after more than one year*

|   | 2009<br>£          | 2008<br>£          |
|---|--------------------|--------------------|
| <b>Bank loans for completed schemes</b>   |                    |                    |
| Repayable as follows:                     |                    |                    |
| In one year or less                       | 129,983            | 106,873            |
| Between one and two years                 | 132,092            | 109,330            |
| Between two and five years                | 406,590            | 345,118            |
| In five years or more                     | 1,790,001          | 2,011,748          |
|   | <hr/>              | <hr/>              |
|   | 2,458,666          | 2,573,069          |
| Less: amounts falling due within one year | 129,983            | 106,873            |
|   | <hr/>              | <hr/>              |
|   | <b>£ 2,328,683</b> | <b>£ 2,466,196</b> |

Amounts of loans outstanding per lender at the year end are as follows:

|                            |       |
|----------------------------|-------|
| Lloyds TSB                 | £0.1m |
| Clydesdale Bank plc        | £0.1m |
| Bank of Scotland           | £1.4m |
| Royal Bank of Scotland plc | £0.9m |

The loan terms range between 20 and 30 years.

Interest rates prevailing during 2008/09 for fixed loans were as follows:

|                            |         |
|----------------------------|---------|
| Bank of Scotland           | - 6.88% |
| Royal Bank of Scotland plc | - 6.05% |

At the year end, approximately 61% of the loan balances were on fixed rate arrangements.

Interest rates prevailing during 2008/09 for varied loans were as follows:

|                       |                    |
|-----------------------|--------------------|
| Lloyds TSB (Scotland) | - 1.00% above base |
| Clydesdale Bank       | - 1.00% above base |
| Bank of Scotland      | - 0.75% above base |
| Bank of Scotland plc  | - 0.70% above base |

Loans are secured by specific charges on certain of the Trust's properties. A second ranking security is held by The Scottish Housing Regulator and Aberdeenshire Council over certain properties.

At the request of The Scottish Housing Regulator, the Royal Bank of Scotland have been granted security over all property acquired during the year to 31 March 2009 irrespective of borrowing requirements.

15. SHARE CAPITAL

The charity is a company limited by guarantee and has no share capital. The members' liability in the event of winding up does not exceed £1 per member.



16. UNRESTRICTED FUNDS

|  | General<br>funds<br>£ | Designated<br>funds<br>£ | Total<br>£         |
|--|-----------------------|--------------------------|--------------------|
| At 31 March 2008   | 209,376               | 885,455                  | 1,094,831          |
| Movement in funds for the year                             | 91,749                | -                        | 91,749             |
| Transfer of amount designated for<br>future major repairs  | (93,000)              | 93,000                   | -                  |
| Transfer of amount designated for<br>equipment replacement | (94,186)              | 94,186                   | -                  |
| At 31 March 2009   | <u>£ 113,939</u>      | <u>£ 1,072,641</u>       | <u>£ 1,186,580</u> |

17. DESIGNATED FUNDS

|                             | Services<br>£    | Major<br>repairs<br>£ | Total<br>£         |
|-----------------------------|------------------|-----------------------|--------------------|
| At 31 March 2008            | 360,449          | 525,006               | 885,455            |
| Transfer from general funds | 94,186           | 93,000                | 187,186            |
| At 31 March 2009            | <u>£ 454,635</u> | <u>£ 618,006</u>      | <u>£ 1,072,641</u> |

The purpose of the services designated funds is to fund the replacement of specialist equipment provided by the Trust to tenants. The amount transferred annually to this reserve is equivalent to the surplus of service charge income over costs incurred in the provision of services and replacement of equipment.

The purpose of the major repair designated reserve is to fund future planned maintenance at the appropriate level.

18. RESTRICTED FUNDS

|                         | Land & Buildings<br>2009<br>£ | 2008<br>£  |
|-------------------------|-------------------------------|------------|
| Income                  | 56,807                        | 114,005    |
| Expenditure             | (56,807)                      | (160,505)  |
| Deferred grant movement | -                             | 46,500     |
| At 31 March 2009        | <u>£ -</u>                    | <u>£ -</u> |

The above fund represents capital grant funding to be utilised to partly finance capital expenditure.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

|   | Restricted<br>funds<br>£ | Unrestricted funds<br>General<br>£ | Designated<br>£ | Total<br>funds<br>£ |
|---|--------------------------|------------------------------------|-----------------|---------------------|
| Land and buildings at net<br>book value | 5,944,287                | 3,172,812                          | -               | 9,117,099           |
| Grants received                         | (5,944,287)              | -                                  | -               | (5,944,287)         |
|   | -                        | 3,172,812                          | -               | 3,172,812           |
| Net current (liabilities)/assets        | -                        | (730,190)                          | 1,072,641       | 342,451             |
| Creditors falling due after<br>one year | -                        | (2,328,683)                        | -               | (2,328,683)         |
|   | £ -                      | £ 113,939                          | £ 1,072,641     | £ 1,186,580         |

20. OPERATING LEASE COMMITMENT

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

|                            | Land and building<br>2009<br>£ | 2008<br>£ |
|----------------------------|--------------------------------|-----------|
| Between one and five years | 38,750                         | -         |
| After five years           | -                              | 38,750    |
|                            | £ 38,750                       | £ 38,750  |

21. RELATED PARTY TRANSACTIONS

Castlehill Housing Association Ltd, Langstane Housing Association Ltd and Grampian Housing Association Ltd are Members of the Trust. These housing associations are involved in the development of Trust properties, and undertake certain administrative functions of the Trust.

|  | Langstane<br>Housing<br>Association<br>£ | Castlehill<br>Housing<br>Association<br>£ | Grampian<br>Housing<br>Association<br>£ | Total<br>£ |
|--|--|---|---|------------|
| Repair and development recharges                   | 91,585                                   | 46,461                                    | 159,332                                 | 297,378    |
| Management   | 38,621                                   | 6,166                                     | 19,333                                  | 64,120     |
|  | £ 130,206                                | £ 52,627                                  | £ 178,665                               | £ 361,498  |
| Total amount due by Trust at year end<br>(Note 13) | £ 39,893                                 | £ 16,561                                  | £ 24,144                                | £ 80,598   |
| Amounts collected on behalf of the Trust           | £ 261,633                                | £ 187,388                                 | £ 381,326                               | £ 830,347  |



22. SCOTTISH FEDERATION OF HOUSING ASSOCIATION RETIREMENT AND DEATH BENEFIT SCHEME

Grampian Community Care Charitable Trust participates in the SFHA Pension Scheme.

The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the state scheme.

The scheme offers three benefit structures to employers, namely:

- Final salary with a 1/60<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/70<sup>th</sup> accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Grampian Community Care Charitable Trust has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for active members.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Grampian Community Care Charitable Trust paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there was no active members of the Scheme employed by Grampian Community Care Charitable Trust. Grampian Community Care Charitable Trust continues to offer membership of the Scheme to its employee.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. SFHA is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, benefits are paid from the scheme assets and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million (equivalent to a past service funding level of 83.4%).



22. SCOTTISH FEDERATION OF HOUSING ASSOCIATION RETIREMENT AND DEATH BENEFIT SCHEME (continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

|                                     | % pa |
|-------------------------------------|------|
| - Investment return pre-retirement  | 7.2  |
| - Investment return post retirement | 4.9  |
| - Rate of salary increases          | 4.6  |
| - Rate of pension increase          | 2.6  |
| pension accrued pre 6 April 2005    | 2.6  |
| pension accrued from 6 April 2005   | 2.25 |
| (for leavers before 1 October 1993  |      |
| pension increases are 5.0%)         |      |
| - Rate of price inflation           | 2.6  |

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

|                | Males   | Females                                       |
|----------------|---|---|
|                | Assumed life expectancy<br>in years at age 65 | Assumed life expectancy<br>in years at age 65 |
| Non-pensioners | 21.6  | 24.4  |
| Pensioners     | 20.7  | 23.6  |

22. SCOTTISH FEDERATION OF HOUSING ASSOCIATION RETIREMENT AND  
DEATH BENEFIT SCHEME (continued)

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

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

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

Grampian Community Care Charitable Trust has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2006. As of this date the estimated employer debt was £72,477.

Since the year end the company has taken the decision to withdraw from the SFHA pension scheme. The employer debt payable on the date of withdrawal from the scheme was £130,306 and this liability has been reflected in the 31 March 2009 accounts.

23. CONTINGENT LIABILITIES

Special Need Capital Grants provided by The Scottish Housing Regulator have the sole purpose of funding schemes for people with special needs. If the conditions attached to the grant are breached then the grant is repayable to The Scottish Housing Regulator.

Of the total grant, as disclosed in Note 11, £2,444,599 relates to Special Needs Capital Grants subject to repayment to The Scottish Housing Regulator in the event of breach of conditions.