



the redwoods caring foundation

**annual report and accounts  
2005 - 2006**



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COMPANIES HOUSE

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417  
23/09/2006

## Annual Report 2006



*Here, sown by the Creator's hand,  
In serried ranks, the Redwoods stand  
Joseph Strauss*

### Review of the Year

As Redwoods entered its 20<sup>th</sup> year, we continue to be inspired and envisioned by the faithfulness and creativity of God. His passionate desire is to lavish His love on each person.

The name of Redwoods was of course taken from the Giant Redwoods Tree – another of God's incredible creations.

Names are very significant and represent many qualities and attributes – as we consider the attributes of the Redwoods tree, we see -

- the crown of the tree is conical – pointing upwards
- the branches droop slightly – giving protection below
- the bark is resilient – even to fire
- the roots are shallow and wide spreading – very tolerant to drought
- the tree lives long
- the tallest and oldest trees live in the valley – beside streams
- the tree is evergreen

In Redwoods we see, on a daily basis, many of these attributes in both the people we support and the staff themselves.

Over the last year many have experienced difficult personal circumstances which they have faced with resilience, determination and grace – and they have won through.

Two people, George and Gordon, whom Redwoods had been privileged to know and care for over the last 10 years, died last year. We are so grateful to God that He gave us the wonderful opportunity to be a part of their lives. They had both lived long!

Once again we have marvelled at accomplishments which have been attained by both the people we support and staff.

Borders College Accreditations have been awarded to a number of people at the Day Centre. Others have been to college to attend courses – but probably more importantly experience new surroundings and challenges – and again they have won through. For some people the accomplishment has been staying away from home for the first time on a short break in The Beeches, or making Ash Lea their new home. However large or small the accomplishment, we witness daily resilience, strength and determination in the lives of the people we support. However we honour everyone for who they are rather than what they have accomplished.

The staff teams have both individually and corporately attained much. Many staff have accomplished SVQ awards, from levels 2 to 4, and we honour their endeavour. Staff teams have worked with people to see them succeed in whatever they want to do: they facilitate holidays for people who want to have a break; they give care and support 24 hours per day, 365 days per year – and we esteem them for their commitment both to the people and to the outworking of God's promises. They, like the branches of the Redwoods tree, provide shelter and protection.

The staff teams are led by motivated, dynamic, compassionate managers, whose standards of leadership have undoubtedly led to Redwoods being awarded *Investor in People* in December 2005. Whilst we are delighted with this accomplishment we recognise that we have a God who invested all of himself in us and our response to that is to replicate it in Redwoods.

We have experienced drought, particularly in relation to funding, but just as the Redwoods tree can withstand drought, Redwoods, through God's provision, still stands.

The China Wall Challenge was accomplished and Redwoods is most grateful for the funds (£10,000) it realised which, along with other generous donations and legacies have meant that significant progress has been made in the development of the Music & Activities Project.

So, in the last year we have experienced some situations that are akin to fire, and God's protection on Redwoods has been very evident. We have experienced some drought, yet since God designed the root system of Redwoods it has withstood the circumstances. We have seen people continue to flourish and we recognise that this is due to God's continued nurture and care for each person.

## **Finances**

We continue to receive the majority of our funding from Social Work Departments, but this year has seen a significant rise in fundraising, particularly for the Music & Activities Project. We are hugely grateful to all those, both individuals and trusts, who have given donations.

This year has seen an overall surplus of £33,534, with an overall increase in net assets to £619,717.

## **Future Developments**

As we consider the future, we are looking forward to realising the opening of the Music & Activities Facility, which we know will reflect the creative attributes of God.

Much around us is changing – new ways of working, new arrangements for providing care, new regulations. The same is true of the Redwoods tree, but the central fact remains that we are both designed and created by God. We, like the crown of the Redwoods tree, will continue to look up, to God, for He sustains Redwoods and we know His love, faithfulness and grace will prevail.

## Directors

The charity is a Company limited by guarantee, and is constituted by its Memorandum and Articles of Association. A board of directors, who meet regularly throughout the year, administer the charity.

The directors who served during the year were:

Brian J Hayes A.M.B.C.  
Shirley Hayes  
Jeanette C Godward R.G.N., Operations Director  
Rosalind Brown R.G.N., M.Sc, Director of Care Services

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**Registered Office**  
Kirk Farm House  
6 Lasswade Road  
EDINBURGH  
EH16 6RZ

**By Order of the Board**

  
Jeanette C Godward - Director

Date - 12/09/06

# the redwoods caring foundation

- services for people with learning disabilities -

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## Risk Assessment & Reserves Policies

### Risk Assessment

The Redwoods Caring Foundation has undertaken an assessment of the principal risks to which we are exposed, and has taken action to mitigate such risks.

### Reserves Policy

The Redwoods Caring Foundation does not have a separate reserve fund, and has no investments other than those required for direct service provision, including the purchase of land and buildings and other capital assets. Cash balances are held in the bank as working capital.

Each service unit is treated as a separate restricted fund. When new services are introduced they will not have a surplus income and may need to be supported from central funds, however a surplus may be built up gradually over time. We consider that each unit should ideally hold within its own funds sufficient cash balances to cover 3 months budgeted income, since the unit may have to cover the cost of protracted client vacancies as well as exceptional staff and other costs. We consider 3 months budgeted income to be sufficient for this purpose, and where the balance exceeds 3 months income, a portion of the excess may be transferred to any other fund within The Redwoods Caring Foundation as required. This is also to comply with the Charity Commission's requirement that any funds held are being used in the most effective way to further the charity's objectives.

All land and buildings owned by Redwoods are held as part of the unrestricted assets, apart from new developments, which must be held as distinct restricted funds for such time as they are the subject of specific fundraising. A major part of the income to unrestricted funds comes from management charges on the service units, and provided that there are sufficient reserves in the service units to cover any client vacancies, this is reasonably predictable. The expenditure from unrestricted funds is, however, subject to a considerable level of uncertainty, since it is necessary to meet, for example, the cost of building repairs, which cannot all be planned in advance.

In order to provide new services, bank or mortgage borrowing will often be necessary, to fund part of the cost. It is not considered necessary to retain a positive cash balance in unrestricted funds, since these are offset by the capital value of buildings, on which capital could be raised if necessary by mortgage, or, should any service unit be discontinued, by sale.

It is, however, considered prudent to restrict the total amount of borrowing by Central Services to 50% of the book value (market value) of assets held as land and buildings.

# **the redwoods caring foundation**

- services for people with learning disabilities -

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**Company Limited by Guarantee**

## **Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Company Limited by Guarantee

## Independent Auditor's Report to Members

*For the year ended 31 March 2006*

I have audited the financial statements of The Redwoods Caring Foundation (Company Limited by Guarantee) for the year ended 31 March 2006 set out on pages 7 to 13. These financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standard for Small Entities and the accounting policies set out from page 10.

### **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the charitable company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Auditing Standards.

I report to you to give you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the Directors' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

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

### **Basis of opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosure in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In my opinion the financial statements give a true and fair view of the state of the charitable company's affairs at 31 March 2006, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended. They have been properly prepared in accordance with the Companies Act 1985.

(signed) Neil C A

(date) 12/4/2006

Neil C Andrew C.A.  
Registered Auditor  
2 Murieston Road  
EDINBURGH  
EH11 2JH

**THE REDWOODS CARING FOUNDATION**  
Company Limited by Guarantee

**STATEMENT OF FINANCIAL AFFAIRS**  
for the year ended 31 March 2006

		2006			2005
		£	£	£	£
		Unrestricted	Restricted	Total	Total
	Note	Funds	Funds	Funds	Funds
<b>INCOMING RESOURCES</b>	<b>2</b>				
Donations, Legacies and Similar		1,779	37,832	39,610	20,875
Operating Activities					
<i>In furtherance of the objectives</i>					
Client/SW Income		0	1,077,382	1,077,382	1,105,055
Investment Income					
Interest Receivable		2,846	34	2,880	3,030
Other Incoming Resources					
Rent / Building usage		51,097	0	51,097	43,099
<b>TOTAL INCOMING RESOURCES</b>	<b>14</b>	<b>55,722</b>	<b>1,115,248</b>	<b>1,170,970</b>	<b>1,172,059</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds					
Fundraising		0	7,488	7,488	141
Charitable Expenditure					
<i>Activities in furtherance of the objectives</i>					
Direct Charitable Expenditure		169,357	954,301	1,123,658	1,087,494
<i>Management &amp; Admin</i>					
Interest Payable		4,145	0	4,145	2,323
Audit fees		0	2,145	2,145	1,933
<b>TOTAL RESOURCES EXPENDED</b>	<b>14</b>	<b>173,502</b>	<b>963,934</b>	<b>1,137,436</b>	<b>1,091,891</b>
<b>Net Incoming/(Outgoing) Resources before transfers</b>		<b>(117,780)</b>	<b>151,314</b>	<b>33,534</b>	<b>80,168</b>
Transfers between funds		170,121	(170,121)	0	0
<b>Net Incoming/(Outgoing) Resources</b>	<b>14</b>	<b>52,341</b>	<b>(18,807)</b>	<b>33,534</b>	<b>80,168</b>
Fund balances brought forward at 1 April 2005	<b>13</b>	<b>315,326</b>	<b>270,857</b>	<b>586,183</b>	<b>512,613</b>
<b>Fund balances carried forward at 31 March 2006</b>		<b>367,667</b>	<b>252,050</b>	<b>619,717</b>	<b>586,183</b>

The notes on pages 10 to 13 form part of these accounts



**THE REDWOODS CARING FOUNDATION**  
**Company Limited by Guarantee**

**INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 March 2006**

		2006 £	2005 £
INCOME	2	1,168,090	1,169,030
OPERATING COSTS		<u>(1,133,291)</u>	<u>(1,096,166)</u>
OPERATING SURPLUS / (DEFICIT)		34,798	72,864
INTEREST RECEIVABLE	7	2,880	3,030
INTEREST PAYABLE	8	<u>(4,145)</u>	<u>(2,323)</u>
SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR		33,534	73,570
BALANCE BROUGHT FORWARD	13	<u>586,183</u>	<u>512,613</u>
BALANCE CARRIED FORWARD		<u>619,717</u>	<u>586,183</u>

*All amounts relate to continuing operations.*

*There are no recognised gains or losses other than the profit for the year.*

*The notes on pages 10 to 13 form part of these accounts*

**THE REDWOODS CARING FOUNDATION**  
Company Limited by Guarantee

**BALANCE SHEET**  
as at 31 March 2006

	Notes	2006	2005
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	419,478	434,271
<b>CURRENT ASSETS</b>			
Stock		4,103	3,670
Debtors	10	119,291	71,660
Loans		0	700
Bank current account		168,860	183,835
Deposit Account		1,712	1,697
Unit imprest accounts		1,760	767
Cash in hand		<u>751</u>	<u>751</u>
		<u>296,477</u>	<u>263,080</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	(37,388)	(48,476)
<b>NET CURRENT ASSETS</b>		<u>259,089</u>	<u>214,604</u>
<b>TOTAL NET ASSETS</b>		678,567	648,875
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	(58,850)	(61,991)
<b>NET ASSETS</b>		<u>619,717</u>	<u>586,883</u>
<b>CAPITAL AND RESERVES</b>	13		
Unrestricted funds		367,667	315,326
Restricted funds		<u>252,050</u>	<u>270,857</u>
		<u>619,717</u>	<u>586,183</u>

Approved by the board on (date)  
and signed on its behalf by:

*Jeanette Godward 27/9/06.*

**Jeanette Godward**  
(Director)

*The notes on pages 10 to 13 form part of these accounts*

**THE REDWOODS CARING FOUNDATION**  
Company Limited by Guarantee

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2006

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material to the Company's affairs.

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Fixed assets and depreciation

Fixed assets are stated at cost and are written off over their estimated useful lives on a straight line basis at the following rates:

Freehold land and buildings	2%
Leasehold improvements	Over the length of the lease
Furnishings and equipment	25%
Motor Vehicles	25%

c) Income

Income comprises funding from central and local government, plus donations and grants and other income derived from fundraising. All income is credited to the Profit and Loss Account in the year it is received.

d) Taxation

The Redwoods Caring Foundation has been given charitable status and exemption from Income Tax under Section 505 of the Income and Corporation Taxes Act 1988.

e) Refurbishment Expenditure

In order that the Net Book Value of Redwoods House remains in line with the current market value, all expenditure on the refurbishment of Redwoods House during 1993 and 1994 was charged to the Profit and Loss Account in the year it was incurred. During the period 1995/96 part of the refurbishment costs incurred were capitalised in line with the increased market value.

**2. INCOME**

The analysis of income by source was as follows:

	2006		2005
	£	£	£
	Unrestricted	Restricted	Total
	Funds	Funds	Funds
Donations & Appeals	1,779	37,832	39,610
Operating Activities Income (Clients/SW)	0	1,077,382	1,077,382
Other Income (e.g. Building usage)	51,097	0	51,097
	<u>52,876</u>	<u>1,115,214</u>	<u>1,168,090</u>
			<u>1,169,030</u>

		2006	2005
3.	<b>SURPLUS ON ORDINARY ACTIVITIES</b>		
		£	£
	Surplus on ordinary activities is stated after charging the following:		
	Depreciation (incl. gain on disposable assets) (Note 9)	18,954	17,396
	Auditors' remuneration	2,145	1,933
	Staff costs (Note 4)	838,800	806,239
4.	<b>STAFF PARTICULARS</b>		
		£	£
	Staff costs comprised:		
	Staff Salaries	743,662	712,659
	Agency staff costs	16,577	19,111
	Social Security costs	64,929	61,545
	Pension costs	<u>13,633</u>	<u>12,925</u>
		<u>838,800</u>	<u>806,239</u>
	The number of employees at the year end (whole time equivalent) was:	<u>41.68</u>	<u>40.40</u>
5.	<b>DIRECTORS' EMOLUMENTS</b>		
	Two directors are employed in managerial capacities, and are included in Note 4 above.		
	All salaries fall in the lowest £0 - £40,000 band.		
		£	£
	Salaries	63,923	62,363
	Social Security costs	6,930	6,766
	Pension costs	<u>2,562</u>	<u>2,502</u>
		<u>73,415</u>	<u>71,631</u>
6.	<b>PENSION COSTS</b>		
	All employees are encouraged to contribute to their own Personal Pension Plan. The company makes an additional contribution, currently 4% of salary, after 2 years of continuous employment.		
7.	<b>INTEREST RECEIVABLE</b>	2006	2005
		£	£
	This represents interest receivable on bank deposits:	2,880	3,030
8.	<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>	2006	2005
		£	£
	Interest payable and similar charges comprised:		
	On bank overdraft wholly repayable within five years	0	0
	Interest on other loans	<u>4,145</u>	<u>2,323</u>
		<u>4,145</u>	<u>2,323</u>

## 9. TANGIBLE FIXED ASSETS

	<u>Freehold Land &amp; Buildings</u>	<u>Leasehold Improve- ments</u>	<u>Furnish- ings &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
<b>COST</b>					
Opening Balance	526,550	21,590	60,709	29,828	638,677
Additions	0	0	4,162	0	4,162
Disposals	0	0	(3,723)	0	(3,723)
Closing Balance	<u>526,550</u>	<u>21,590</u>	<u>61,148</u>	<u>29,828</u>	<u>639,116</u>
<b>AGGREGATE DEPRECIATION</b>					
Opening Balance	110,913	19,599	44,066	29,828	204,406
Charge for year	12,711	799	5,444	0	18,954
Charged on disposal	0	0	(3,723)	0	(3,723)
Closing Balance	<u>123,624</u>	<u>20,398</u>	<u>45,788</u>	<u>29,828</u>	<u>219,638</u>
<b>NET BOOK VALUE</b>					
Opening Balance	<u>415,637</u>	<u>1,991</u>	<u>16,643</u>	<u>0</u>	<u>434,271</u>
Closing Balance	<u>402,926</u>	<u>1,192</u>	<u>15,361</u>	<u>0</u>	<u>419,478</u>

### Freehold Land and Buildings

Freehold land and buildings are included in the accounts at cost (less depreciation) and it is the directors' intention that this should continue. However the estimated market values of the four freehold properties are as follows:

Redwoods House, Newbattle Road, Newtongran (valued November 2000)	£450,000
Redwoods House - Caretaker's house (valued March 1996)	£60,000
12 Paisley Drive, Edinburgh (valued August 2004)	£300,000
19/4 Hazelwood Grove (valued August 2004)	£90,000

There is a Standard Security in favour of the Secretary of State for Scotland for the grant provided for the refurbishment of Redwoods House to the sum of £267,843 if Redwoods ceases to provide residential care accommodation within 15 years from May 1995. This security is postponed to the Bank of Scotland.

As a result of this unexpired grant a realisable value of £290,000 may be stated, to reflect the potential liability under this security.

	<b>2006</b>	<b>2005</b>
	£	£
<b>10. DEBTORS</b>		
Sundry Debtors	48,405	1,701
Accrued income	68,001	66,835
Prepayments	<u>2,885</u>	<u>3,124</u>
	<u>119,291</u>	<u>71,660</u>

The amount of debtors falling due after more than one year was nil.

	<u>Amounts falling due within one year</u>		<u>Amounts falling due after more than one year</u>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	£	£	£	£
<b>11. CREDITORS</b>				
Bank - current account	-	-	0	0
Trade creditors	34,597	46,034	0	0
Other creditors and term loans	<u>2,791</u>	<u>2,442</u>	<u>58,850</u>	<u>61,991</u>
	<u>37,388</u>	<u>48,476</u>	<u>58,850</u>	<u>61,991</u>

The bank overdraft and term loans are secured by a charge over the company's properties.

"Other creditors and term loans" include:

- 12 Paisley Drive: Term Loan of £40,000 taken over 10 years from December 1995
- Hazelwood Grove: Term Loan of £65,450 taken over 15 years from September 2004

## 12. LEASE COMMITMENTS

The company had operating leases commitments to pay during the next year in respect of property, vehicle and equipment leases:

	2006	2005
	£	£
Expiring between two and five years	27,848	27,829
Expiring in more than five years	0	0
	<u>27,848</u>	<u>27,829</u>

## 13. SOCIAL INVESTMENT

A one-off donation of £2,000 was given to Gorebridge Parish Church, under the category of Social Investment, in line with the charity's Policy on Social Investment.

## 14. CAPITAL AND RESERVES

	£	2006	£	2005
		£		£
	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
Opening Balance	315,326	270,857	586,183	512,613
Retained surplus / (deficit) for the year	52,341	(18,807)	33,534	73,570
Closing balance	<u>367,667</u>	<u>252,050</u>	<u>619,717</u>	<u>586,183</u>

## 15. RESTRICTED FUNDS

Each residential and day services unit is separately funded, consequently each unit is treated as a Restricted Fund.

	Balance		Movement in Funds				Balance
	at 1 Apr '05	Incoming Resources	Outgoing Resources	Management Charges	Vehicle Pool	Fund Transfer (see note)	at 31 Mar '06
Unit/Fund	£	£	£	£			£
Telferton	11,862	137,221	(126,937)	(13,552)	(5,843)	0	2,752
Paisley Drive	112,340	196,294	(170,734)	(17,265)	0	(55,000)	65,635
Ash Lea	46,008	278,765	(248,100)	(25,933)	(5,479)	0	45,261
The Beeches	56,435	342,883	(300,415)	(30,176)	(4,224)	0	64,503
Oakview	24,237	122,740	(110,047)	(12,649)	0	0	24,280
Art Room	10,627	16,963	(7,488)	0	0	0	20,102
Small Project Fund	860	0	0	0	0	0	860
RMA Fund	2,354	0	(213)	0	0	0	2,141
Music Project Fund	4,439	20,366	0	0	0	0	24,805
Elderly/Housing	<u>1,697</u>	<u>15</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,712</u>
	270,857	1,115,248	(963,934)	(99,575)	(15,546)	(55,000)	252,050

It should be noted that balances carried forward on each unit are not cash balances, but part of the capital funds tied up in the fixed assets required to run the unit.

A transfer has been made from the Paisley Drive restricted fund to unrestricted funds, in line with the charity's Reserves Policy