

The Redwoods Caring Foundation

**Annual Report & Accounts
2010 - 2011**

SL125367



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DIRECTORS

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., Director of Care Services

COMPANY DETAILS

Registered Office
Kirk Farm House, 6 Lasswade Road, Edinburgh EH16 6RZ

Registered Scottish Charity
Charity No. SC013566

Company Registered in Scotland (Limited by Guarantee)
Company No. 125367

PROFESSIONAL SERVICES

Bankers
Royal Bank of Scotland, 142-144 Princes Street, Edinburgh EH2 4EQ
Bank Manager: Tracy Thomson

Solicitors
Beveridge, Philp & Ross, 22 Bernard Street, Edinburgh EH6 6PP
Contact: Robert McMillan

Accountant
William Davidson, 68 Edgehead Road, Pathhead, Midlothian EH37 5RJ

Auditor
Neil C Andrew, 2 Murieston Road, Edinburgh EH11 2JH

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Redwoods Caring Foundation is a charity registered in Scotland, and a registered company, established in 1985, whose aims were stated in its Memorandum & Articles of Association to be the provision of care and support for people with learning disabilities. This document also clearly sets out the charity's Christian ethos.

The charity is governed by a Board of Directors, as set out above. Board meetings are held on a bi-monthly basis. The Board decides matters of strategy and overall policy, sets and monitors budgets, and ensures that the day to day operations of the charity are in line with its stated mission statement, vision and values. It is also served by a Finance Officer from within the organisation, who is available to report and advise as required.

The induction process for newly-appointed Directors includes meetings with the existing Board members as well as the provision of documentation - the founding documents, relevant minutes, a history of the organisation, and recent annual reports and accounts.

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 against 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 bank accounts as working capital.

Each service (unit) that Redwoods provides is treated separately, but within the overall unrestricted funds of the organisation, unless the conditions of funding require it to be restricted.

The Board of Directors are committed to ensuring that all funds held are used in the most effective way to further the charity's objectives. To this end, transfers may sometimes be approved between units within unrestricted funds.

All land and building owned by Redwoods is also held as part of the unrestricted funds, 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 be discontinued, by sale.

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

MISSION STATEMENT

The Redwoods Caring Foundation is committed to providing a range of sensitive and flexible services for people with learning disabilities, including residential, day services and residential short breaks in the Lothians. Those for whom Redwoods care are encouraged and assisted to reach their maximum potential in terms of their spiritual, emotional and physical wellbeing.

REVIEW OF THE YEAR

25 years of faithfulness

In the years since the creation of Redwoods, the hallmark of each of those 25 years has been God's faithfulness. This has been even more evident in this 25th year (2010/11). We have seen God prevail on many occasions: we have seen the impossible become possible; the rough path become smooth; uncertainties become realities, both in people's lives and in the corporate life of Redwoods.

The challenges have increased, particularly in the financial arena. However, in at least two situations we have seen funds released which has meant that a vital area of the support that Redwoods provides can continue. This has been one of the impossibilities becoming possible.

Inspiration

The people Redwoods support continue to be our inspiration on a daily basis. Many who have felt powerless have become much more engaged in their own lives. God's plan for each one is to "prosper you ... plans to give you hope and a future" (Jeremiah 29:11). God is faithful to each of His promises and we have seen people realise something of this amazing plan for their lives. We honour and highly value each person who is supported in Redwoods.

Staff

God's faithfulness has also been evident through His provision of a highly committed, energetic, resourceful and passionate staff team. Each one plays a significant part in pressing on towards the goal which God has set before us. As well as their daily commitment and faithfulness to the people they have supported, the staff are also fervently pursuing their professional development, so that they can provide the high quality of care and support which is honouring of each person.

**FINANCIAL
REVIEW
&
FUTURE
PLANS**

The staff teams have been led by a group of senior managers, whose wisdom and enthusiasm for each person who is supported has been inspiring, revolutionary and life-giving.

We honour and greatly appreciate every act of kindness, 'extra mile', and reflection of God's heart of love - all of which are displayed on a daily basis by the staff teams and their leaders.

Exploration

During the course of this year we spent a considerable length of time looking, along with another organisation, at the potential of working in partnership with them. However this exercise caused us to re-focus on the non-negotiable aspects of the Redwoods ethos. It was evident that to stay true to our roots and vision we couldn't move forward in any relationship other than mutual support and friendship.

We will continue to look at possibilities of working with other like-minded organisations in the future.

Faithfulness continued

As we look ahead we are assured of God's faithfulness continuing. Our current day service is developing its gardening and horticulture activities, and in another service we are pursuing a change in the model of care at home/housing support.

But in the midst of changes and consolidation, exploration and negotiation, we will continue to hold fast to the faithfulness of God, on which we know we can rely.

Redwoods has produced accounts in accordance with all current statutory requirements and regulations. We are grateful to all our donors and funders for their continued support in spite of an often uncertain financial climate.

The organisation's income in 2010/11 was £1,153,277, and total expenditure was £1,238,582. This resulted in an overall loss for the year of £85,305, and therefore a decrease in net assets to £393,873.

This loss was not unexpected, but is of great concern to the Board of Directors. Work has therefore been undertaken this year, and will continue into 2011/12, to attempt to stabilise the financial position of each service we provide, and thereby the overall finances of the charity.

Specifically, this will involve:

- * re-negotiation of each contract held with social work departments for the provision of services, to ensure that each service is financially viable. Budget re-negotiation has already been achieved for two services, and will be pursued for the other services throughout the coming year.
- * in our Short Breaks service and day service, where occupancy has been identified as a major cause of concern, the Board are committed to enlisting the help of outside, independent agencies, as well as Social Work departments, to determine the continuing viability of these services, and any changes that could be made to increase occupancy.
- * if for any service, at the end of 2011/12, satisfactory re-negotiation of the contract has not been achieved, nor a plan in place to achieve a break-even position, the Board of Directors will give careful consideration to the closing of that service.

Consideration will also be given, throughout 2011/12, to the selling of assets to boost the charity's finances, should it be deemed necessary.

Given the review described above, it was deemed prudent to put on hold the development of new services, such as the Music Therapy service. The Board of Directors will continue to protect this fund, but any future development of this (or any other service) will be delayed until the existing services are stabilised.

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.

For these purposes, the Directors have retained the services of William Davidson and Neil Andrew for the auditing of the annual accounts.

Approved and signed by order of the Board of Directors

J. C. Godward
Jeanette C Godward - Director

9/10
Date

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES & MEMBERS OF THE REDWOODS CARING FOUNDATION

We have audited the financial statements of The Redwoods Caring Foundation for the year ended 31/03/11 which comprise the Statement of Financial Activities, the Summary Income & Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditor

As explained more fully in the Directors' Responsibilities Statement (set out on page 5), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and

have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- * give a true and fair view of the state of the charitable company's affairs as at 31/03/11 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 United Kingdom Generally Accepted Accounting Practice; and
- * have been prepared in accordance with the Charities and Trustees Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts Regulation (Scotland) Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- * the charitable company has not kept proper and adequate accounting records 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 trustees' remuneration specified by law are not made; or
- * we have not received all of the information and explanations we require for our audit.

Signed: _____

Neil C M

Date: _____

9/11/2011

Neil Andrew CA

Senior Statutory Auditor

For and on behalf of Neil C Andrew CA Statutory Auditors

(Neil C Andrew CA is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

3 Murieston Road

EDINBURGH

EH11 2JH

THE REDWOODS CARING FOUNDATION
Company Limited by Guarantee

STATEMENT OF FINANCIAL AFFAIRS
for the year ended 31 March 2011

		2011			2010
		£	£	£	£
		Unrestricted	Restricted	Total	Total
	Note	Funds	Funds	Funds	Funds
INCOMING RESOURCES	2				
Donations, Legacies and Similar		20,157	5,000	25,157	27,593
Operating Activities					
<i>In furtherance of the objectives</i>					
Client/SW Income		1,067,084	0	1,067,084	1,119,717
Investment Income					
Interest Receivable		5	0	5	300
Other Incoming Resources					
Rent / Building usage		61,031	0	61,031	57,016
TOTAL INCOMING RESOURCES	14	1,148,277	5,000	1,153,277	1,204,626
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising		271	0	271	560
Charitable Expenditure					
<i>Activities in furtherance of the objectives</i>					
Direct Charitable Expenditure		1,230,177	4,568	1,234,745	1,229,522
<i>Management & Admin</i>					
Interest Payable		1,166	0	1,166	1,230
Audit fees		2,400	0	2,400	2,233
TOTAL RESOURCES EXPENDED	14	1,234,014	4,568	1,238,582	1,233,545
Net Incoming/(Outgoing) Resources before transfers		(85,737)	432	(85,305)	(28,919)
Transfers between funds	13	0	0	0	0
Net Incoming/(Outgoing) Resources	13	(85,737)	432	(85,305)	(28,919)
Fund balances brought forward at 1 April 2010	13	404,125	75,053	479,178	508,097
Fund balances carried forward at 31 March 2011		318,388	75,485	393,873	479,178

The notes on pages 11 to 14 form part of these accounts

THE REDWOODS CARING FOUNDATION
Company Limited by Guarantee

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2011

		2011 £	2010 £
INCOME	2	1,153,272	1,204,326
OPERATING COSTS		<u>(1,237,416)</u>	<u>(1,232,315)</u>
OPERATING SURPLUS / (DEFICIT)		(84,144)	(27,989)
INTEREST RECEIVABLE	7	5	300
INTEREST PAYABLE	8	<u>(1,166)</u>	<u>(1,230)</u>
SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR		(85,305)	(28,919)
BALANCE BROUGHT FORWARD	13	<u>479,178</u>	<u>508,097</u>
BALANCE CARRIED FORWARD		<u>393,873</u>	<u>479,178</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 11 to 14 form part of these accounts

THE REDWOODS CARING FOUNDATION
Company Limited by Guarantee

BALANCE SHEET
as at 31 March 2011

	Notes	2011	2010
		£	£
FIXED ASSETS			
Tangible assets	9	370,223	372,952
CURRENT ASSETS			
Stock		3,133	2,907
Debtors	10	93,478	56,824
Bank current account		0	124,677
Deposit Accounts		2,546	2,540
Unit imprest accounts		2,139	1,927
Cash in hand		<u>751</u>	<u>851</u>
		<u>102,047</u>	<u>189,726</u>
CURRENT LIABILITIES			
Bank current account		(2,117)	0
Creditors amounts falling due within one year	11	<u>(43,279)</u>	<u>(44,068)</u>
		<u>(45,396)</u>	<u>(44,068.19)</u>
NET CURRENT ASSETS		<u>56,651</u>	<u>145,658</u>
TOTAL NET ASSETS		<u>426,874</u>	<u>518,610</u>
CREDITORS			
Amounts falling due after more than one year	11	<u>(33,001)</u>	<u>(39,432)</u>
NET ASSETS		<u>393,873</u>	<u>479,178</u>
CAPITAL AND RESERVES	14		
Unrestricted funds		318,388	404,125
Restricted funds		<u>75,485</u>	<u>75,053</u>
		<u>393,873</u>	<u>479,178</u>

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

J.C. Godward

Jeanette Godward
(Director)

The notes on pages 11 to 14 form part of these accounts

THE REDWOODS CARING FOUNDATION
Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

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:

	£	2011 £	£	2010 £
	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
Donations & Appeals	20,157	5,000	25,157	27,593
Operating Activities Income (Clients/SW)	1,067,084	0	1,067,084	1,119,717
Other Income (e.g. Building usage)	61,031	0	61,031	57,016
	<u>1,148,272</u>	<u>5,000</u>	<u>1,153,272</u>	<u>1,204,326</u>

	2011	2010
3. SURPLUS ON ORDINARY ACTIVITIES	£	£
Surplus on ordinary activities is stated after charging the following:		
Depreciation (incl. gain on disposable assets) (Note 9)	22,639	19,853
Auditors' remuneration	2,400	2,233
Staff costs (Note 4)	966,439	973,502
4. STAFF PARTICULARS	£	£
Staff costs comprised:		
Staff Salaries	856,458	858,825
Agency staff costs	22,571	26,590
Social Security costs	72,275	73,700
Pension costs	<u>15,134</u>	<u>14,387</u>
	<u>966,439</u>	<u>973,502</u>
The number of employees at the year end (whole time equivalent) was:	<u>40.52</u>	<u>39.84</u>
5. DIRECTORS' EMOLUMENTS		
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 -	£	£
Operations Director	35,048	37,176
Director of Care Services	33,465	33,615
Social Security costs	7,302	7,602
Pension costs	<u>2,388</u>	<u>2,633</u>
	<u>78,203</u>	<u>81,026</u>
6. PENSION COSTS		
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. INTEREST RECEIVABLE	2011	2010
	£	£
This represents interest receivable on bank deposits:	5	300
8. INTEREST PAYABLE AND SIMILAR CHARGES	2011	2010
	£	£
Interest payable and similar charges comprised:		
On bank overdraft wholly repayable within five years	98	8
Interest on other loans	<u>1,068</u>	<u>1,222</u>
	<u>1,166</u>	<u>1,230</u>

9. TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u>	<u>Leasehold Improve- ments</u>	<u>Furnish- ings & Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
COST					
Opening Balance	527,611	21,590	66,596	16,309	632,107
Additions	11,702	0	2,409	5,800	19,911
Disposals	0	0	0	0	0
Closing Balance	<u>539,313</u>	<u>21,590</u>	<u>69,005</u>	<u>22,109</u>	<u>652,017</u>
AGGREGATE DEPRECIATION					
Opening Balance	175,242	21,590	57,322	5,001	259,155
Charge for year	13,108	0	4,304	5,227	22,639
Charged on disposal	0	0	0	0	0
Closing Balance	<u>188,350</u>	<u>21,590</u>	<u>61,626</u>	<u>10,228</u>	<u>281,794</u>
NET BOOK VALUE					
Opening Balance	<u>352,369</u>	<u>0</u>	<u>9,274</u>	<u>11,308</u>	<u>372,952</u>
Closing Balance	<u>350,964</u>	<u>0</u>	<u>7,379</u>	<u>11,881</u>	<u>370,223</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 March 2008)	£1,025,000
Redwoods House - Caretaker's house (valued March 2008)	£175,000
12 Paisley Drive, Edinburgh (valued May 2010)	£450,000
19/4 Hazelwood Grove (valued October 2011)	£130,000

The Standard Security in favour of the Secretary of State for Scotland and postponed to the Bank of Scotland (for the grant 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) expired in May 2010.

10. DEBTORS

	2011	2010
	£	£
Sundry Debtors	38,772	3,661
Accrued income	46,431	49,448
Prepayments	<u>8,275</u>	<u>3,715</u>
	<u>93,478</u>	<u>56,824</u>

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

11. CREDITORS

	<u>Amounts falling due within one year</u>		<u>Amounts falling due after more than one year</u>	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	14,670	10,524	0	0
Other creditors and term loans	10,472	10,973	33,001	39,432
Social Security and other taxes	<u>18,137</u>	<u>22,571</u>	<u>0</u>	<u>0</u>
	<u>43,279</u>	<u>44,068</u>	<u>33,001</u>	<u>39,432</u>

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

"Other creditors and term loans" include:

- 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:

	2011 £	2010 £
Expiring between two and five years	28,349	28,427
Expiring in more than five years	0	0
	<u>28,349</u>	<u>28,427</u>

13. CAPITAL AND RESERVES

	2011 £	2011 £	2011 £	2010 £
	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
Opening Balance	404,125	75,053	479,178	508,097
Retained surplus / (deficit) for the year	<u>(85,737)</u>	<u>432</u>	<u>(85,305)</u>	<u>(28,919)</u>
Closing balance	<u>318,388</u>	<u>75,485</u>	<u>393,873</u>	<u>479,178</u>

14. RESTRICTED FUNDS

	Balance at 1 Apr '10 £	Movement in Funds Incoming Resources £	Movement in Funds Outgoing Resources £	Balance at 31 Mar '11 £
Fund				
Small Project Fund	860	0	0	860
Music & Arts Project Fund	67,191	0	(79)	67,112
VSD Fund	7,002	5,000	(4,488)	7,514
	<u>75,052</u>	<u>5,000</u>	<u>(4,567)</u>	<u>75,485</u>

The Board of Directors agreed (on 27 April 2009) that the Elderly/Housing fund had no remaining restriction on it, and should therefore be subsumed into Unrestricted Funds.

Having now been used in its entirety, the RMA Fund has been closed, as this restricted funding stream is not set to continue.

15. OPERATIONAL UNIT SUMMARY

	Balance at 1 Apr '10 £	Movement in Funds Incoming Resources £	Movement in Funds Outgoing Resources £	Management Charges £	Vehicle Pool	Balance at 31 Mar '11 £
Unit						
Telferton	(3,437)	142,733	(133,878)	(14,205)	(5,960)	(14,747)
Paisley Drive	33,706	182,003	(174,935)	(16,762)	0	24,012
Housing Support	0	32,604	(29,510)	(2,998)	0	95
Ash Lea	(54,071)	282,650	(255,567)	(20,663)	0	(47,652)
The Beeches	58,271	301,477	(313,601)	(26,071)	(4,308)	15,768
Oakview	27,317	<u>128,256</u>	<u>(110,659)</u>	<u>(9,708)</u>	0	<u>35,206</u>

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.

Housing Support' was previously accounted for as part of 'Paisley Drive', but has been made a separate operational unit from April 2010 onwards.

16. CAPITAL COMMITMENTS

Following a complete review of service provision, the previously stated commitment to build a music and arts facility at a cost of around £100,000 has been revised. The music and arts project fund will continue to be restricted, but the Board of Directors will continue to consider how best this fund should be used.