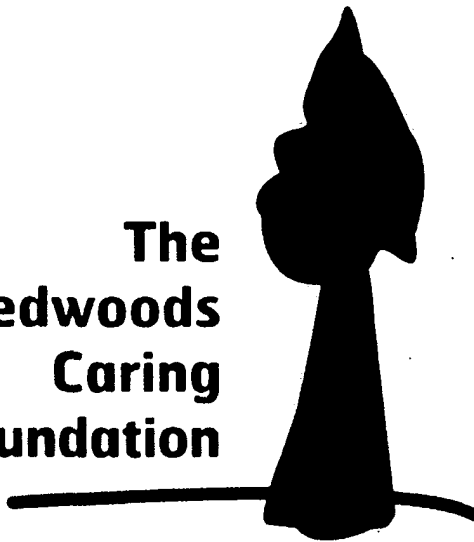


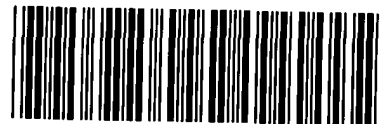
**The
Redwoods
Caring
Foundation**



**THE REDWOODS CARING FOUNDATION
ANNUAL REPORT
& ACCOUNTS
2017/18**

Charity Number: SC 013566
Company Number: SC 125367

THURSDAY



SCT *S7FVØDND* #12
04/10/2018
COMPANIES HOUSE

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THE REDWOODS CARING FOUNDATION

Year ending 31 March 2018

Directors' Report

Directors

The directors who served during the year were:

- Brian J Hayes
- Shirley Hayes
- Jeanette C Godward (Chair & Company Secretary)
- Rosalind Brown
- Christopher Townsend (Managing Director)
- John Thomson
- Mary Thomson (*appointed 01/01/18*)
- Gavin Lawson (Operations & Connections Manager) (*appointed 01/01/18*)

Company Details

Registered office: Kirk Farm House, 6 Lasswade Road, Edinburgh EH16 6RZ

Charity registered in Scotland:

Charity Number: SC 013566

Company registered in Scotland (Limited by Guarantee):

Company Number: SC 125367

Professional Services

Bankers:

CAF Bank Ltd, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4JQ

Solicitors:

Beveridge, Philp & Ross, 22 Bernard Street, Edinburgh EH6 6PP

Auditor:

Chiene & Tait LLP, Chartered Accountants & Statutory Auditor, 61 Dublin Street, Edinburgh EH3 6NL

THE REDWOODS CARING FOUNDATION

Year ending 31 March 2018

Directors' Report (cont.)

Objectives and Activities

The charity was established in 1986 and the Memorandum and Articles of Association sets out that the charity was established for the provision, as an expression of Christian faith in action, of care and support for those in need. Primarily (and currently exclusively) this will be care and support, in a variety of settings, for adults with Learning Disabilities, but may include any vulnerable group of people as the Members/Directors see fit.

Care and support is provided through our 24 hour Housing Support Service (HSS – comprising Care at Home and Housing Support elements as registered with the Care Inspectorate) for up to 18 people, and day activities are provided by our Telfie Central day service hub for a further 18 people across a week.

Mission Statement:

Redwoods exists to demonstrate God's heart of love and His care to people who have learning disabilities. We honour, respect and value each person, seeking to recognise their individual potential. We aim to support and encourage them to accomplish their dreams and live fulfilled lives.

As a Christian organisation, our ethos emerges from a desire to express God's love to all those with whom we come into contact and, as staff, to reflect this love in our relationships with each other. Our motivation is rooted in our relationship with God through Jesus Christ and our faith produces a distinctive heart attitude of love.

This is outworked through the upholding of seven values: people, security, involvement, staff, excellence, partnership and development.

In Redwoods we recognise volunteers as an integral part of the organisation. Their valuable contribution supports our mission statement and strategic aims, and complements the role of paid staff.

Review of the Year

It is a difficult task to capture all that has been achieved in Redwoods over the last year – as much of this is not quantifiable; but here are some headlines.

The celebrations of our 30th year concluded in May with an event at the Scottish Parliament, hosted by Colin Beattie, MSP.

As part of Edinburgh Council's tendering process, and thanks to the diligence of our Operations Manager, our Day Service became an approved provider and was listed an excellent 3rd out of 10 providers for quality, helping to ensure the continuation of the excellent support there for at least the next 3 years.

In October, our last remaining residential care service transitioned to join the Housing Support Service (HSS) and has afforded the tenants greater opportunity for 1:1 support and for leading fulfilled lives. Unfortunately around the same time we also said 'goodbye', following a short illness, to one of the gentlemen who had made Ash Lea his home for a number of years.

THE REDWOODS CARING FOUNDATION
Year ending 31 March 2018
Directors' Report (cont.)

We were, once again, graded 5/6 (Very Good) at our recent Care Inspectorate visits for HSS, an external recognition of the hard work and commitment of our team leaders, care staff and service manager.

In the last 12 months a few staff, some of them long-serving, have moved on to new challenges and passed the baton to others who have joined us – but our staff turnover remains significantly below the national average. Staff continue to succeed in gaining the qualifications necessary for registration with the SSSC and we have been fortunate to receive further funding from the Scottish Government to pay for these awards.

As always, we are indebted to a number of trusts, individuals and churches who have contributed financially to our work. Their generosity has enabled us to purchase a new vehicle for one service, upgrade the physical environment in another, and subsidise music therapy for some people, as well as begin our sensory footpath.

The Board of Directors has grown from 6 to 8 members as we look to securing the best possible future for the organisation and those we support.

Paul of Tarsus wrote, "And now these three remain: faith, hope and love. But the greatest of these is love". I began this section by saying that much of what we do in Redwoods is not quantifiable; indeed much goes unnoticed outwith the organisation. But of one thing I am certain: the love of God demonstrated day in day out by our staff teams to the people we support changes their lives for the better, and will continue to do so in the year ahead.

Financial Review

The organisation's income in 2017/18 was £1,402,946 and total expenditure was £1,425,811. This resulted in an overall deficit for the year of £22,865. At 31/03/18 our reserves balance was £346,524 comprised of £41,900 restricted funds and £304,624 unrestricted funds.

The above figures incorporate a re-statement of figures for restricted and unrestricted funds, as in previous years unrestricted designated funds had been counted as restricted funds.

The main funding sources of the organisation remain as City of Edinburgh Council and Midlothian Council, who purchase our services for care and support.

As highlighted earlier in this report, the work of volunteers is important to the charity, but the value of this cannot be reliably quantified and is not therefore reflected in these financial statements.

There were no significant financial events affecting the charity during 2017/18.

Our Reserves Policy (below) sets out some of the principal risks affecting the charity and ways in which the Board of Directors is seeking to mitigate these risks.

RESERVES POLICY

A description of the charity's aims and objectives and current service provision can be found under 'Objectives & Activities' above.

THE REDWOODS CARING FOUNDATION

Year ending 31 March 2018

Directors' Report (cont.)

In considering the reserves of the Charity, the Board of Directors recognise that the majority of the reserves are held in tangible fixed assets and, as such, the free reserves are not extensive. At 31/03/18 our free reserves have been calculated at £38,641.

The vast majority of the charity's funding is through local councils, for services provided and is, as such, stable, but it does leave the organisation vulnerable to:

- Vacancies;
- Dramatic changes in funding levels for the people we support;
- Unforeseen repairs to buildings where our services are delivered;
- Delayed payments due to lengthy processing times within Council departments.

In order to deal with cashflow and the risk of delayed payments, it is agreed that Redwoods will maintain an overdraft facility (currently at £75,000) with CAF Bank Ltd. As a guide, the charity will ensure that this level of borrowing does not exceed 50% of the market value of properties owned.

In order to deal with the other noted risks, the charity is actively seeking to achieve free reserves of £100,000, which would allow

- the payment of personnel costs for a month even if no funding were received
- deal with unforeseen repairs

A plan is therefore in place to gradually increase our non-statutory income (see 'Plans for the Future' below), and to make operational staffing budgets more flexible, to allow the charity to become more responsive to changes in funding for the people we support. In 2016/17 our unrestricted donations totalled £12,616 but in 2017/18 they increased to £18,408.

The Board of Directors are committed to monitoring the level of free reserves on an ongoing basis, and a review of this policy, along with a wider financial risk assessment, on a yearly basis.

Plans for the Future

In a world that has largely lost faith and hope in the future, we believe that Redwoods offers to the people we are privileged to support and to its staff a hope and a future that is bright. We have a vision to see the amazing work that goes on in Redwoods become visible to many more people; to see Redwoods as an organisation become increasingly resilient; and to see us support and empower many more people than we currently do.

Part of that vision will be realised very soon with the publication, thanks to a sponsor, of a quality brochure showcasing our services, and in the launch of our dedicated day services website.

We have recently completed the initial construction stages of our sensory footpath project, funded by the Schuh Trust, and the next year will see this being developed further thanks to a significant private donation.

We plan to strengthen the links we have and form many more with churches and the community in order to help make Redwoods known to more people, to help with recruitment of staff and volunteers, and to increase our fundraising potential.

THE REDWOODS CARING FOUNDATION

Year ending 31 March 2018

Directors' Report (cont.)

Structure and Governance

Board of Directors

Supporting the work of our dedicated front-line care staff, we have a Board consisting of 8 Directors, as listed above. There has been a conscious effort to expand the Board of Directors over the past few years, with the aim of including new skills and perspectives as well as planning for the future.

The Board, as a whole, is responsible for setting the strategic vision for the company. 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 the Finance Officer from within the organisation, who is available to report and advise as required.

New directors are recruited on the basis of required skills, combined with a shared passion for the purpose, ethos and values of Redwoods, and will generally be known to one or more of the existing directors.

The induction process for newly-appointed Directors includes:

- Meetings with the existing Board members
- Visits to the various sites where the charity operates
- Provision of documentation:
 - Founding documents
 - Minutes of past Board meetings
 - History of the organisation
 - Past Annual Reports and Accounts

No Board members receive remuneration for their role as a Director. The Managing Director and Operations & Connections Manager receive remuneration as discussed below.

During the year the charitable company provided services to a close family member of two of the Directors on a normal commercial basis. There were no other related party transactions.

Key Management Personnel

The Redwoods Leadership Group oversee the day-to-day management of our services, in conjunction with Team Leaders and other service-based senior staff. During the year this group comprised:

- Chris Townsend (Managing Director)
- Gavin Lawson (Operations and Connections Manager)
- Gill Mackenzie (Home Support Service Manager – *left November 2017*)
- Veronica Housden (Day Service Manager)

The people holding these positions are included on a salary scale, approved by the Board of Directors, that is available to all paid employees.

Furthermore we are ably supported by an office staff team in the areas of finance, administration and Health & Safety.

THE REDWOODS CARING FOUNDATION

Year ending 31 March 2018

Directors' Report (cont.)

Directors' Responsibilities

The Directors (who are also Trustees of The Redwoods Caring Foundation for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

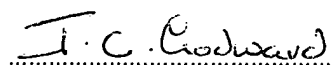
The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland)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

In so far as the Directors are aware:

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved and signed on behalf of the Board of Directors on10/09/18..... by:



Jeanette C Godward
(Director)

Independent Auditor's Report to the Directors and Members of The Redwoods Caring Foundation

Opinion on financial statements

We have audited the financial statements of The Redwoods Caring Foundation for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 Practise) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018, 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Independent Auditor's Report to the Directors and Members of The Redwoods Caring Foundation (continued)

Other information (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charity 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 the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities set out on page 6 the Directors (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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Independent Auditor's Report to the Directors and Members of The Redwoods Caring Foundation
(continued)**

Auditor's responsibilities for the audit of the financial statements

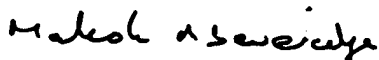
We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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

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

Use of our report

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



Malcolm Beveridge CA (Senior Statutory Auditor)
For and on behalf of
CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh, EH3 6NL

27 SEPTEMBER 2018

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE REDWOODS CARING FOUNDATION
Company Limited by Guarantee

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the Income & Expenditure Account)
for the year ended 31 March 2018

	Note	2018			Restated 2017		
		£	£	£	£	£	£
		Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
INCOME & ENDOWMENTS	3						
Donations, Legacies and Similar		18,408	14,008	32,416	12,616	13,238	25,854
Income from charitable activities		1,370,005	210	1,370,215	1,455,292	-	1,455,292
Income from Investments							
Interest Receivable		15	-	15	56	-	56
Other income							
Gain on disposal of asset		300	-	300	500	-	500
TOTAL INCOME & ENDOWMENTS		1,388,728	14,218	1,402,946	1,468,464	13,238	1,481,702
EXPENDITURE	4						
Expenditure on Raising Funds							
Fundraising		659	-	659	2,703	-	2,703
Expenditure on charitable activities							
Direct Charitable Expenditure		1,404,650	15,649	1,420,299	1,488,622	6,264	1,494,886
Support Costs		4,853	-	4,853	3,003	-	3,003
TOTAL EXPENDITURE		1,410,162	15,649	1,425,811	1,494,328	6,264	1,500,592
Net (Expenditure)/Income		(21,434)	(1,431)	(22,865)	(25,864)	6,974	(18,890)
Fund balances brought forward at 1 April 2017 <i>(as previously stated)</i>	16	307,520	61,869	369,389	334,502	53,777	388,279
Prior year adjustment	19	18,538	(18,538)	-	17,420	(17,420)	-
Fund balances brought forward at 1 April 2017 (as restated)		326,058	43,331	369,389	351,922	36,357	388,279
Fund balances carried forward at 31 March 2018		304,624	41,900	346,524	326,058	43,331	369,389

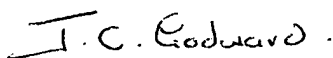
The notes on pages 13 to 18 form part of these accounts

THE REDWOODS CARING FOUNDATION
Company Limited by Guarantee

BALANCE SHEET
as at 31 March 2018

	Notes	2018		Restated 2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		237,338		247,893
CURRENT ASSETS					
Stock		2,596		2,939	
Debtors	13	167,959		137,392	
Bank accounts & cash in hand		<u>29,708</u>		<u>45,695</u>	
		<u>200,263</u>		<u>186,026</u>	
CURRENT LIABILITIES					
Amounts due within one year	14	<u>(89,355)</u>		<u>(58,860)</u>	
NET CURRENT ASSETS			<u>110,908</u>		<u>127,166</u>
TOTAL NET ASSETS			348,246		375,059
CREDITORS					
Amounts falling due after more than one year	14		<u>(1,722)</u>		<u>(5,670)</u>
NET ASSETS			<u>346,524</u>		<u>369,389</u>
CAPITAL AND RESERVES	16				
Unrestricted funds			304,624		326,058
Restricted funds			<u>41,900</u>		<u>43,331</u>
			<u>346,524</u>		<u>369,389</u>

Approved by the board on (date) 10/09/18
and signed on its behalf by:



Jeanette C Godward
(Director)
Company Number: SC125367

The notes on pages 13 to 18 form part of these accounts

THE REDWOODS CARING FOUNDATION

Company Limited by Guarantee

STATEMENT OF CASH FLOWS

as at 31 March 2018

	2018 £	2017 £
Cash flows from operating activities (see below)		
Net cash used in operating activities	(30,391)	(7,849)
Cash flows from investing activities		
Interest received	15	56
Purchase of property and equipment	(4,350)	(27,906)
Proceeds of disposal of property and equipment	300	500
Net cash used in investing activities	<u>(4,035)</u>	<u>(27,350)</u>
Cash flows from financing activities		
Repayment of borrowings	(4,870)	(4,779)
Net cash used in financing activities	<u>(4,870)</u>	<u>(4,779)</u>
Change in cash and cash equivalents in the year	<u>(39,296)</u>	<u>(39,978)</u>
Cash and cash equivalents at the beginning of the year	35,600	75,578
Cash and cash equivalents at the end of the year	<u>(3,696)</u>	<u>35,600</u>
Analysis of cash and cash equivalents		
Cash in bank and hand	29,708	45,695
Bank overdraft	<u>(33,404)</u>	<u>(10,095)</u>
	<u>(3,696)</u>	<u>35,600</u>
Cash flows from operating activities	2018 £	2017 £
Reconciliation of net income to net cash flow from operating activities:		
Net expenditure for the year	(22,866)	(18,890)
Adjustments for:		
Depreciation	14,905	29,619
Gain on disposal of fixed assets	(300)	(500)
Investment income	(15)	(56)
Decrease/(increase) in stock	343	(246)
Decrease in debtors	(30,567)	(29,650)
Decrease in creditors	8,109	11,874
Net cash outflow from operating activities	<u>(30,391)</u>	<u>(7,849)</u>

The notes on pages 13 to 18 form part of these accounts

THE REDWOODS CARING FOUNDATION

Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

1. COMPANY INFORMATION

The Redwoods Caring Foundation is a company limited by guarantee incorporated and domiciled in Scotland with registered company number SC125367. The registered office is Kirk Farm House, 6 Lasswade Road, Edinburgh EH16 6RZ. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the charitable company.

2. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

2.1 Accounting Convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, in accordance with the Companies Act 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) - Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and with the Memorandum and Articles of Association.

The Redwoods Caring Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

2.2 Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have assessed the Charity's ability to continue as a going concern and have reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements and are satisfied that no material uncertainties exist in respect of going concern.

2.3 Significant judgements and estimation uncertainty

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

2.3.1 Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for carrying amounts of tangible assets.

2.4 Donations, legacies and similar income

Donations, legacies and similar income is included in the year in which it is receivable, which is when the charity becomes entitled to the income, it is probable that it will be received and the amount can be measured reliably.

2.5 Statutory authority contracts and grants receivable

Statutory authority contracts and revenue grants are reflected in the Statement of Financial Activities when relevant conditions for entitlement have been met, it is probable they will be received, and the amounts can be quantified with sufficient reliability. Where donors specify that grants are for particular purposes, this income is included in incoming resources within restricted funds when receivable. Where grants are specifically made for the performance of charitable activities in a period subsequent to the year-end they are deferred and excluded from the Statement of Financial Activities.

2.6 Housing Income

Income for the provision of housing received from local authorities is recognised in the accounting period to which it relates, with any income received in advance deferred to the subsequent accounting period.

2.7 Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

- Costs of raising funds are those associated with generating grants, donations, and investment income, and charitable activities costs are those expended on meeting the charity's objectives.
- Charitable activities include expenditure associated with meeting the charity's primary objectives and include both the direct costs and the support costs relating to these activities.
- Included within support costs are Governance costs which are those of a constitutional, strategic, or statutory nature with respect to the general running of the charity, rather than day to day management.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and payroll costs which support the charitable activities.

Within support costs are governance costs which include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

2.8 Leases

The charity has no material finance leases. Costs in relation to operating leases are charged on a straight line basis to the Statement of Financial Activities over the life of the lease.

2.9 Irrecoverable VAT

All expenditure is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

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2.10 Taxation

The Redwoods Caring Foundation's charitable activities fall within the exemptions afforded by the Corporation Tax Act 2010. Accordingly, there is no Corporation Tax charge in these financial statements.

2.11 Tangible fixed assets

All fixed assets over £1,000 are initially capitalised at cost, plus any incidental costs of acquisition. Further detail of the accounting policy relating to heritable property is set out in note 11.

2.12 Depreciation

Depreciation is provided on fixed assets at rates calculated to write off the cost or valuation over their expected useful lives, less estimated residual value, as follows:

Freehold land & buildings:	2% straight line
Leasehold improvements:	over the length of the lease
Central heating:	25% straight line
Furnishings & equipment:	25% straight line
Motor vehicles:	25% straight line

2.13 Stock

Stocks consist of medical, cleaning and stationery supplies (bought centrally) and are stated at the lower of cost and net realisable value.

2.14 Debtors and accrued income

Sundry debtors and accrued income are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

2.15 Cash at bank and in hand

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

2.16 Creditors

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

2.17 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments other than investments are initially recognised at transaction value and subsequently measured at their settlement value.

2.18 Funds

Unrestricted general funds are the funds which can be used in accordance with the charitable objects at the discretion of the Directors. **Restricted** funds are the funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. **Designated** funds are the funds set aside by the Directors out of the unrestricted general funds for specific future purposes and projects.

2.19 Pensions

The charity contributes to a defined contribution scheme for its employees and the pension charge in the Statement of Financial Activities represents the amounts payable by the charity to the scheme in the year.

2.20 Funds held as Custodian Trustee on behalf of others

During the year the charity held funds in trust on behalf of service users which amounted to £63,645 (2017: £64,866) at the year end. These balances are kept separate from funds held by the charity and controls are in place to ensure the safe custody of said funds.

2.20 Investments

The charity owns the entire issued share capital of Redwoods Services Limited, a limited company registered in Scotland with net assets of £2 as at 31 March 2018. Redwoods Services Limited is dormant and did not trade within the two years to 31 March 2018.

3. INCOME

The analysis of income by source was as follows:

	2018			2017		
	£	£	£	£	£	£
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
Donations, Legacies and similar	7,929	-	7,929	3,529	-	3,529
Music & Arts Project Fund	-	-	-	-	230	230
Voluntary Sector Development Fund	-	7,758	7,758	-	11,094	11,094
Sensory Footpath Fund	-	6,250	6,250	-	1,914	1,914
Disabled Toilet Fund	-	-	-	-	-	-
Autism Programme Fund	-	-	-	-	-	-
Barclay Viewforth Fund	2,500	-	2,500	-	-	-
Donations - Ash Lea	2,513	-	2,513	-	-	-
Donations - Beeches	4,800	-	4,800	3,397	-	3,397
Donations - Oak View	-	-	-	-	-	-
Donations - Paisley Drive	-	-	-	1,100	-	1,100
Donations - Telfie Central	666	-	666	4,590	-	4,590
<i>Sub total of income from donations, legacies and similar</i>	<i>18,408</i>	<i>14,008</i>	<i>32,416</i>	<i>12,616</i>	<i>13,238</i>	<i>25,854</i>
Income from charitable activities by service:						
Ash Lea (Care at Home/Housing Support Service)	251,132	-	251,132	327,116	-	327,116
Beeches (Care at Home/Housing Support Service)	158,685	-	158,685	135,761	-	135,761
Oak View (Care at Home/Housing Support Service)	343,410	-	343,410	154,173	-	154,173
Paisley Drive (Care at Home/Housing Support Service)	253,011	-	253,011	249,703	-	249,703
Telfie Central (Day Service)	183,888	-	183,888	170,830	-	170,830
Central Services	3,000	-	3,000	61,788	-	61,788
Housing Provision	176,878	-	176,878	131,055	-	131,055
Music therapy	-	210	210	-	-	-
Respite Service (up to 2017 only)	-	-	-	213,689	-	213,689
Housing Support Service (up to 2017 only)	-	-	-	11,177	-	11,177
<i>Sub total of income from charitable activities</i>	<i>1,370,005</i>	<i>210</i>	<i>1,370,215</i>	<i>1,455,292</i>	<i>-</i>	<i>1,455,292</i>
Income from investments (interest)	15	-	15	56	-	56
Gain on disposal of asset (vehicle)	300	-	300	500	-	500
	1,388,728	14,218	1,402,946	1,468,464	13,238	1,481,702

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4. EXPENDITURE

The analysis of expenditure is as follows:

	Central Services	Telfie Central	Paisley Drive	Ash Lea	Beeches	Oak View	Total Unrestricted
Unrestricted Funds							
Costs of generating funds	659	-	-	-	-	-	659
Charitable expenditure in furtherance of objectives:							
Personnel	189,398	140,404	221,543	211,587	330,312	134,361	1,227,605
Premises	42,576	20,874	2,577	13,012	4,113	1,317	84,469
Services	804	7,288	9,957	13,978	7,666	7,048	46,741
Barclay Viewforth Fund	372	-	-	-	-	-	372
Donations - Ash Lea	-	-	-	-	-	-	-
Donations - Beeches	-	-	-	-	-	-	-
Donations - Oak View	-	-	-	-	-	-	-
Donations - Paisley Drive	-	-	-	-	-	-	-
Donations - Telfie Central	-	-	-	-	-	-	-
Admin	19,975	7,605	4,342	4,584	4,801	4,156	45,464
	253,125	176,171	238,419	243,160	346,892	146,883	1,404,650
Support Costs							
Interest Payable	176	184	17	21	255	-	653
Audit Fees	-	840	840	840	840	840	4,200
	176	1,024	857	861	1,095	840	4,853
TOTAL	253,960	177,196	239,276	244,021	347,986	147,723	1,410,162

							Total Restricted
Restricted Funds							
Charitable expenditure in furtherance of objectives:							
Music & Arts Project Fund	2,132	-	-	-	-	-	2,132
Voluntary Sector Development Fund	7,759	-	-	-	-	-	7,759
Sensory Footpath Fund	5,750	-	-	-	-	-	5,750
Disabled Toilet Fund	8	-	-	-	-	-	8
Autism Programme Fund	-	-	-	-	-	-	-
TOTAL	15,649	-	-	-	-	-	15,649

5. NET EXPENDITURE

	2018 £	2017 £
Surplus on ordinary activities is stated after charging the following:		
Depreciation (Note 11)	14,905	29,619
Auditors' remuneration	4,200	3,120

6. STAFF PARTICULARS

	2018 £	2017 £
Staff costs comprised:		
Staff Salaries	1,045,789	1,053,769
Agency staff costs	80,617	76,561
National Insurance costs	72,427	75,214
Pension costs	13,078	13,375
Recruitment costs	2,310	616
Staff training costs	11,916	17,378
Staff travel costs	1,068	1,222
Gifts	400	501
	1,227,605	1,238,636
The total number of employees at 31/03/18 was:	75	72
There are no employees receiving remuneration in excess of £60,000.		

7. DIRECTORS' EMOLUMENTS, KEY MANAGEMENT PERSONNEL REMUNERATION AND RELATED PARTIES

The Managing Director and Operations Manager also sit on the Board of Directors. They receive remuneration for their roles as Managing Director and Operations Manager respectively (shown below), but receive no remuneration for their roles as Directors.

	2018 £	2017 £
Salaries -		
Managing Director	26,121	11,516
Operations Manager	3,788	-
National Insurance costs	2,769	1,084
Pension costs	1,071	400
	33,749	13,000

There were no related party transactions during the year other than as noted above.

The key management personnel of the charity comprise the Board of Directors and the Redwoods Leadership Group (currently comprised of Managing Director, Operations Manager, Day Services Manager, Home Support Manager). The total employee benefits of the key management personnel of the charity were £89,293 (2017: £98,953).

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8. PENSION COSTS

All qualifying employees are automatically enrolled in a pension scheme with Legal & General, at a minimum of 1% of qualifying earnings. Redwoods match this with a contribution of 1% in line with government legislation.

9. INTEREST RECEIVABLE

	2018 £	2017 £
This represents interest receivable on bank deposits:	15	56

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £	2017 £
Interest payable and similar charges comprised:		
On bank overdraft wholly repayable within five years	477	137
Interest on other loans	176	266
	<u>653</u>	<u>403</u>

11. TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u>	<u>Leasehold Improvements</u>	<u>Central Heating</u>	<u>Furnishings & Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£	£
COST						
Opening Balance	458,341	21,590	3,650	78,272	14,500	576,354
Additions	-	-	-	1,350	3,000	4,350
Disposals	-	-	-	-	(6,000)	(6,000)
Closing Balance	<u>458,341</u>	<u>21,590</u>	<u>3,650</u>	<u>79,622</u>	<u>11,500</u>	<u>574,704</u>
AGGREGATE DEPRECIATION						
Opening Balance	222,037	21,590	2,661	70,547	11,625	328,461
Charge for year	9,940	-	913	3,302	750	14,905
Charged on disposal	-	-	-	-	(6,000)	(6,000)
Closing Balance	<u>231,977</u>	<u>21,590</u>	<u>3,574</u>	<u>73,849</u>	<u>6,375</u>	<u>337,365</u>
NET BOOK VALUE						
Opening Balance	<u>236,305</u>	-	<u>989</u>	<u>7,725</u>	<u>2,875</u>	<u>247,893</u>
Closing Balance	<u>226,364</u>	-	<u>76</u>	<u>5,773</u>	<u>5,125</u>	<u>237,338</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, Newtongrange	(valued September 2015)	£750,000
Redwoods House - Caretaker's house	(valued September 2015)	£150,000
12 Paisley Drive, Edinburgh	(valued March 2018)	£550,000

The Charities Aid Foundation Bank (CAF Bank Ltd) holds a standard security over Redwoods House, in connection with the overdraft facility (£75,000) taken out in December 2014.

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	2018			2017		
	Tangible fixed assets	Net current assets	Total	Tangible fixed assets	Net current assets	Total
	£	£	£	£	£	£
Unrestricted funds - general	225,886	109,185	335,071	234,967	121,496	356,463
Unrestricted funds - designated	-	-	-	-	-	-
Restricted funds	11,452	-	11,452	12,926	-	12,926
Total	<u>237,338</u>	<u>109,185</u>	<u>346,524</u>	<u>247,893</u>	<u>121,496</u>	<u>369,389</u>

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13. DEBTORS

	2018	2017
	£	£
Sundry Debtors	5,511	12,429
Accrued income	160,049	121,960
Prepayments	<u>2,398</u>	<u>3,002</u>
	<u>167,959</u>	<u>137,392</u>

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

	2018	2017	2018	2017
	£	£	£	£
Bank overdraft (CAF Bank)	33,404	10,095	-	-
Bank loans	3,858	4,779	1,722	5,670
Trade creditors	15,902	8,097	-	-
Accruals and deferred income	18,592	18,583	-	-
Taxation and social security	17,599	17,306	-	-
Other creditors	-	-	-	-
	<u>89,355</u>	<u>58,860</u>	<u>1,722</u>	<u>5,670</u>

The bank overdraft is secured by a charge over the company's properties.

Loans include only the following:

- Hazelwood Grove: Term Loan of £65,450 taken over 15 years from September 2004
- Energy Saving Trust: Term Loan of £4,420 taken over 48 months from April 2014

15. LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases:

	2018	2017
	£	£
Within 1 year	18,791	18,791
Within 2 to 5 years	6,728	9,420
After more than 5 years	-	-
	<u>25,519</u>	<u>28,211</u>

16. CAPITAL AND RESERVES

	£	£	£	£
	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
Opening Balance (restated)	326,058	43,331	369,389	388,279
Retained surplus / (deficit) for the year	(21,434)	(1,431)	(22,865)	(18,890)
Fund Transfers	-	-	-	-
Closing balance	<u>304,624</u>	<u>41,900</u>	<u>346,524</u>	<u>369,389</u>

17. RESTRICTED FUNDS

	Restated Balance	Movement in Funds			Balance
	at 1 Apr '17	Incoming Resources	Outgoing Resources	Fund Transfers	at 31 Mar '18
Fund	£	£	£	£	£
Music & Arts Project Fund	22,657	210	(2,132)	-	20,735
VSDF Fund	17,920	7,758	(7,759)	-	17,919
Sensory Footpath Fund	1,914	6,250	(5,750)	-	2,414
Disabled Toilet Fund	419	-	(8)	-	411
Autism Programme Fund	421	-	-	-	421
	<u>43,331</u>	<u>14,218</u>	<u>(15,649)</u>	<u>-</u>	<u>41,900</u>

Active Fund Descriptions	
Music & Arts Project Fund	Comprised of legacy donations for the establishment and ongoing provision of a Music Therapy service. <i>Restrictions</i> : for the legacies, monies must be spent on the ongoing provision of this service.
VSDF Fund	Scottish Government funding to cover payment of care staff training (SVQ's) <i>Restrictions</i> : can only be spent on training.
Sensory Footpath Fund	Money generated from fundraising for the creation of a Sensory Footpath in the grounds of Redwoods House. <i>Restrictions</i> : donors have given on the understanding it will be used for the purpose stated above.
Disabled Toilet Fund	Money generated from fundraising for the building of a disabled toilet at Redwoods House <i>Restrictions</i> : no official restrictions, but remaining funds remain internally designated for ongoing upkeep.
Autism Programme Fund	Grant from Autism Development Fund for training, equipment and refurbishment <i>Restrictions</i> : can only be spent on the items outlined in the funding application

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18. UNRESTRICTED DESIGNATED FUNDS

Fund	Restated Balance at 1 Apr '17	Movement in Funds			Balance at 31 Mar '18
	£	Incoming Resources £	Outgoing Resources £	Fund Transfers £	£
Barclay Viewforth Church Donations	-	2,500	(372)	-	2,128
Donations - Day Centre	7,850	666	-	-	8,516
Donations - Home Support Service	1,101	-	-	-	1,101
Donations - Beeches	9,587	4,800	-	-	14,387
Donations - Ash Lea	-	2,513	-	-	2,513
Donations - Oak View	-	-	-	-	-
	18,538	10,479	(372)	-	28,645

Purpose of designated funds	These represent individual donations that have been made to Redwoods but to be spent on specific operational units. They are not restricted but have been internally designated by the Board.
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19. PRIOR YEAR ADJUSTMENT

During the year the Directors reviewed the classification of restricted funds and, following clarification of original purposes, restated £17,420 of funds at 1 April 2016 from restricted funds to designated funds, as these were funds set aside by the Directors and were not restricted funds. In addition £9,086 of restricted income and £7,967 of restricted expenditure in the year to 31 March 2017 was reallocated to unrestricted funds.