

# ANNUAL REPORT

and

# ACCOUNTS

## 1997/8



73B Kirk Brae  
EDINBURGH EH16 6JN  
Tel: 0131-672 2999  
Fax: 0131-672 3033  
Company Registered in Scotland  
No. 125367  
SC 013566

# THE REDWOODS CARING FOUNDATION

Company registered in Scotland no. 125367

(Limited by Guarantee)

## MISSION STATEMENT

The Redwoods Caring Foundation (which is the social care extension of Edinburgh City Fellowship, an established local church) is committed to providing for vulnerable people who require care and support, a sensitive flexible range of services, both residential and community based, where people will be encouraged and assisted to reach their maximum individual potential in terms of their spiritual, emotional and physical well-being.

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### BANKERS

Bank of Scotland  
Dalry Road Branch  
1 Ardmillan Terrace  
Edinburgh EH11 2JN

### SOLICITORS

McClure Naismith Anderson & Gardiner  
49 Queen Street  
Edinburgh EH2 1AW

### ACCOUNTANT

William Davidson  
Inchgarvie  
68 Edgehead Road  
Edgehead

### AUDITOR

Neil C Andrew  
2 Murieston Road  
Edinburgh EH11 2JH

### PATHHEAD

Midlothian EH37 5RJ

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

**DIRECTORS' REPORT 1997/98**

The Directors present their Annual Report together with the Financial Statements for the year ended 31 March 1998.

**Review**

In last year's report we stated our commitment to exploring different avenues of helping to facilitate people achieving some of their dreams and ambitions. In spite of the huge financial pressures on the Foundation, this commitment has been pursued vigorously.

I am delighted to report that in some measure our efforts have produced results. During 1997 one client visited Florida accompanied by a staff member and had a wonderful holiday visiting Disney World and doing the tourist route. Also, even as we go to press, two ladies who are currently living in a group home are about to take up tenancies in a flat owned by a Housing Association. They will continue to receive support from staff within Redwoods at the appropriate level, but it is anticipated that the level of support will be reduced fairly quickly, enabling the ladies to live a much more independent life.

In Midlothian, Redwoods are working in partnership with the local housing authority and Social Work Department to create facilities for four people to live in the community. This service should be up and running in early June.

1997 has seen the demise of the fundraising campaign to create supported accommodation in eight flats for older people, and consequently the demise of the project. It is important for Redwoods to make the best use of staff resources to maintain and indeed improve the services it currently offers to people with learning disabilities.

The most important thing that has happened over the last year is the growth in confidence, self esteem, independence and ability that has gone on in the lives of those whom we have the privilege of working alongside. This is what makes the battle for finances, the long and difficult hours put in by the teams of committed and dedicated staff, all worthwhile.

The vision of The Redwoods Caring Foundation is outworked on a day to day basis by a staff team who are motivated and sustained by their Christian faith, encouraged on a daily basis by those for whom they care, equipped by a broad spectrum of training and highly values.

The Redwoods Caring Foundation is committed to going forward on the basis of what God has built into us and to the vision He has given to demonstrate His love in a practical, caring and professional manner.

## Financial Results

The year has seen a surplus of £5,049. There has been an overall increase of net assets to £187,327.

## Connected Charity

As a local response to the emphasis on 'Care in the Community' for vulnerable people who require practical care and support, the Redwoods Caring Foundation was formed as the social care extension of Edinburgh City Fellowship, an established local church.

## Directors

The directors who served during the year were Steven Brown W.S., Chairman; Jeanette Godward R.G.N., Operations Director; Rosalind Brown R.G.N., M.Sc.; Brian Hayes A.M.B.C.; Shirley Hayes; Michael Poulton, Finance Director.

*Registered Office:*  
73B Kirk Brae  
Edinburgh EH16 6JN

*By order of the Board*

*Date:* 25 September 1998



*Steven Brown*  
Chairman

**THE REDWOODS CARING FOUNDATION**  
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.

**AUDITOR'S REPORT TO THE MEMBERS OF**  
**THE REDWOODS CARING FOUNDATION**  
**(Company Limited by Guarantee)**

We have audited the financial statements on pages 6 to 12, which have been prepared under the historical cost convention and the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures 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 company's circumstances, consistently applied and adequately disclosed.

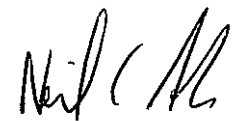
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion, the company is entitled for the year ended 31 March 1998 to the exemption conferred by S248 of the Companies Act 1985 from the requirement to prepare group accounts.

Date: 13.8.98



Neil C Andrew  
Registered Auditor  
2 Murieston Road  
Edinburgh

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

**STATEMENT OF FINANCIAL AFFAIRS**  
for the year ended 31 March 1998

	Note	1998			1997
		£ Unrestricted Funds	£ Restricted Funds	£ Total Funds	£ Total Funds
<b>Incoming Resources</b>	2				
Donations & Appeals		13,535	3,190	16,725	21,592
Collecting Boxes		83	0	83	2,940
Fundraising Events		0	0	0	347
Income Tax Refunds		782	412	1,193	2,875
Social Work Dept		0	618,175	618,175	567,195
DSS / Client Income		0	150,557	150,557	136,074
Rent / Building usage		20	0	20	100
Interest Receivable		0	3,390	3,390	4,287
<b>Total Incoming Resources</b>	14	14,420	775,724	790,144	735,409
<b>Resources Expended</b>					
Direct Charitable Expenditure		98,057	659,934	757,991	713,661
Interest Payable		2,118	22,971	25,090	25,096
Fundraising		298	0	298	37,612
Audit fees		0	1,716	1,716	1,336
<b>Total Resources Expended</b>	14	100,473	684,621	785,095	777,705
<b>Net Incoming/(Outgoing) Resources before transfers</b>		(86,053)	91,103	5,049	(42,295)
Transfers between funds		95,152	(95,152)	0	0
<b>Net Incoming/(Outgoing) Resources</b>	14	9,099	(4,049)	5,049	(42,295)
Fund balances brought forward at 1 April 1996		994	181,284	182,278	224,574
<b>Fund balances carried forward at 31 March 1998</b>		10,093	177,234	187,327	182,278

The notes on pages 9 to 12 form part of these accounts

# THE REDWOODS CARING FOUNDATION

Company Limited by Guarantee

## INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 1998

		1998 £	1997 £
INCOME	2	786,753	731,123
OPERATING COSTS		<u>(760,005)</u>	<u>(752,608)</u>
OPERATING SURPLUS / (DEFICIT)		26,749	(21,486)
INTEREST RECEIVABLE	7	3,390	4,287
INTEREST PAYABLE	8	<u>(25,090)</u>	<u>(25,096)</u>
SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR		5,049	(42,295)
BALANCE BROUGHT FORWARD		<u>182,278</u>	<u>224,574</u>
BALANCE CARRIED FORWARD		<u>187,327</u>	<u>182,278</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 9 to 12 form part of these accounts



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

**BALANCE SHEET**  
as at 31 March 1998

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	9	388,169	403,858
<b>CURRENT ASSETS</b>			
Stock		696	963
Debtors	10	42,740	48,405
Deposit Account		60,981	59,674
Unit imprest accounts		1,765	2,694
Cash in hand		<u>550</u>	<u>550</u>
		106,732	112,287
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(165,573)</u>	<u>(156,467)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(58,841)</u>	<u>(44,180)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		329,328	359,678
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	<u>(142,000)</u>	<u>(177,400)</u>
<b>NET ASSETS</b>		<u>187,327</u>	<u>182,278</u>
 <b>CAPITAL AND RESERVES</b>	13		
Unrestricted funds		10,093	994
Restricted funds		<u>177,234</u>	<u>181,284</u>
		<u>187,327</u>	<u>182,278</u>

Approved by the board on (date) 13 August 1998  
and signed on its behalf by:



Steven Brown  
(Director)

The notes on pages 9 to 12 form part of these accounts

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

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1998

**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:

	£	1998 £	£	1997 £
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
Donations & Appeals	13,535	3,190	16,725	21,592
Collecting Boxes	83	0	83	2,940
Fundraising events	0	0	0	347
Social Work Districts	0	599,584	599,584	548,604
Social Work - development	0	18,591	18,591	18,591
Client / DSS Income	0	150,557	150,557	136,074
Rent / Building usage	20	0	20	100
Income Tax refunds	782	412	1,193	2,875
	<u>14,420</u>	<u>772,334</u>	<u>786,753</u>	<u>731,123</u>

	1998	1997
<b>3. SURPLUS ON ORDINARY ACTIVITIES</b>	£	£
Surplus on ordinary activities is stated after charging the following:		
Depreciation (Note 9)	19,478	19,505
Auditors' remuneration	1,716	1,336
Staff costs (Note 4)	583,347	538,312
<b>4. STAFF PARTICULARS</b>	£	£
Staff costs comprised:		
Salaries	519,799	483,807
Social Security costs	50,237	46,401
Pension costs	<u>13,311</u>	<u>8,104</u>
	<u>583,347</u>	<u>538,312</u>
The number of employees at the year end was as follows (Whole time equivalent):		
Managerial	2.00	3.25
Care Workers	31.45	27.00
Caretaker/Domestic	2.30	2.25
Administration	1.00	1.00
Fundraising	<u>0.00</u>	<u>0.00</u>
	<u>36.75</u>	<u>33.50</u>
<b>5. DIRECTORS' EMOLUMENTS</b>		
Two directors are employed in managerial capacities, and are included in Note 4 above.		
One director is employed by Edinburgh City Fellowship and was partially seconded to Redwoods for four months of the year. All salaries fall in the lowest £0 - £40,000 band.		
	£	£
Salaries	48,742	51,564
Social Security costs	4,786	4,777
Pension costs	<u>1,920</u>	<u>1,875</u>
	<u>55,447</u>	<u>58,216</u>
One director receives professional fees for accounting services. Total for the year:		<u>£7,488</u>
<b>6. 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.		
<b>7. INTEREST RECEIVABLE</b>	£	£
This represents interest receivable on bank deposits:	3,390	4,287
<b>8. INTEREST PAYABLE AND SIMILAR CHARGES</b>	£	£
Interest payable and similar charges comprised:		
On bank overdraft wholly repayable within five years	7,263	6,797
Interest on other loans	<u>17,827</u>	<u>18,300</u>
	<u>25,090</u>	<u>25,096</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	417,553	21,590	35,518	12,500	487,162
Additions	0	0	3,789	0	3,789
Disposals	0	0	0	0	0
Closing Balance	<u>417,553</u>	<u>21,590</u>	<u>39,308</u>	<u>12,500</u>	<u>490,951</u>
<b>AGGREGATE DEPRECIATION</b>					
Opening Balance	42,083	13,209	19,887	8,125	83,304
Charge for year	8,351	799	7,828	2,500	19,478
Charged on disposal	0	0	0	0	0
Closing Balance	<u>50,434</u>	<u>14,008</u>	<u>27,715</u>	<u>10,625</u>	<u>102,782</u>
<b>NET BOOK VALUE</b>					
Opening Balance	<u>375,470</u>	<u>8,381</u>	<u>15,632</u>	<u>4,375</u>	<u>403,858</u>
Closing Balance	<u>367,119</u>	<u>7,582</u>	<u>11,593</u>	<u>1,875</u>	<u>388,169</u>

### Freehold Land and Buildings

The estimated market values of the three freehold properties are as follows:

Redwoods House, Newbattle Road, Newtongrange	(valued August 1995)	£250,000
Redwoods House - caretaker's house	(valued March 1996)	£60,000
12 Paisley Drive, Edinburgh	(valued April 1994)	£135,000

Note: Redwoods House was valued at £400,000 provided that contracts with the Social Work Department remain in place, and the property continues in charitable use. However, for the purposes of the accounts, the property valuation alone has been included.

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.

## 10. DEBTORS

	£	£
Sundry Debtors	15,706	15,931
Accrued income	24,826	30,679
Prepayments	<u>2,208</u>	<u>1,795</u>
	<u>42,740</u>	<u>48,405</u>

The amount of debtors falling due after more than one year was £ nil. (1997 : £ nil)

## 11. CREDITORS

	<u>Amounts falling due within one year</u>		<u>Amounts falling due after more than one year</u>	
	1998	1997	1998	1997
	£	£	£	£
Bank - current account	84,926	76,653	0	0
Trade creditors	29,104	28,790	0	0
Other creditors	<u>51,543</u>	<u>51,023</u>	<u>142,000</u>	<u>177,400</u>
	<u>165,573</u>	<u>156,467</u>	<u>142,000</u>	<u>177,400</u>

The bank overdraft is secured by a charge over the company's properties.  
The Building account was used to fund the building of the caretaker's house at Redwoods House - now converted into a term loan, and appearing as part of 'Other Creditors'  
"Other creditors" include:  
- Redwoods House: Term Loan of £150,000 taken over 5 years from December 1995.  
- Redwoods House: Deferred capital payment of £15,280  
- Caretaker's House at Redwoods House: Term Loan of £62,000 over 10 years from July 1996  
- 12 Paisley Drive: Term Loan of £40,000 taken over 10 years from December 1995

1998

1997

## 12. LEASE COMMITMENTS

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

	£	£
Expiring between two and five years	10,398	16,771
Expiring in more than five years	<u>8,140</u>	<u>8,140</u>
	<u>18,538</u>	<u>24,911</u>

## 13. CAPITAL AND RESERVES

	£	1998 £	£	1997 £
	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
Opening Balance	994	181,284	182,278	224,574
Retained surplus / (deficit) for the year	<u>9,099</u>	<u>(4,049)</u>	<u>5,049</u>	<u>(42,295)</u>
Closing balance	<u>10,093</u>	<u>177,234</u>	<u>187,327</u>	<u>182,278</u>

## 14. RESTRICTED FUNDS

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

	Balance at 1 Apr '97	Movement in Funds			Balance at 31 Mar '98
Unit/Fund	£	Incoming Resources £	Outgoing Resources £	Fund Transfers £	£
Telferton	10,688	112,054	(108,967)	(10,800)	2,975
Paisley Drive	37,888	157,503	(129,656)	(11,100)	54,635
Ash Lea	43,794	213,048	(191,657)	(34,335)	30,850
The Beeches	28,819	269,912	(234,399)	(36,885)	27,448
PACT Development	0	18,591	(18,591)	0	0
Reed Drive	0	1,225	(1,225)	0	0
Elderly	<u>60,094</u>	<u>3,390</u>	<u>(126)</u>	<u>(2,033)</u>	<u>61,326</u>
	<u>181,284</u>	<u>775,724</u>	<u>(684,621)</u>	<u>(95,152)</u>	<u>177,234</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.