

**Giroscope Limited**  
**Report and Financial Statements (incorporating the Annual Review)**  
**For the year ended 31<sup>st</sup> December 2011**



**Registered Number: 02046356 (England & Wales)**

**Registered Charity Number: 1117457**

**Giroscope Limited**

**Financial Statements for the year ended 31<sup>st</sup> December 2011**

<b>Contents</b>	<b>Pages</b>
Company Information	1
Report of the Management Committee	2-6
Independent Examiner's Report to the Management Committee	7
Statement of Financial Activities	8
Balance Sheet	9-10
Notes to the Financial Statements	11-16

**Giroscope Limited**

**Company Information**

**Management Committee**

A Brocklehurst  
R Amesbury  
J F Clarke

**Company Secretary**

J F Clarke

**Registered Office**

Unit 3  
23 Arthur Street  
Hull  
HU3 6BH

**Registered Number**

02046356 (England & Wales)

**Registered Charity Number**

1117457

**Accountants**

Sadofskys Chartered Accountants  
Princes House  
Wright Street  
Hull  
HU2 8HX

**Principal Bankers**

Triodos Bank  
Brunel House  
11 The Promenade  
Bristol  
BS8 3NN

**Giroscope Limited**  
**Report of the Management Committee**  
**For the year ended 31<sup>st</sup> December 2011**

The management committee present their report and the financial statements of the company for the year ended 31<sup>st</sup> December 2011

**A Message from the Acting Chairman**

Giroscope continued its development and expansion over the course of 2011. We completed two new properties in the first half of the year. Towards the end of the year we began work on the first of ten properties that we are acquiring from Hull City Council.

2011 was year two of our three year business plan to expand the project from thirty to fifty properties. The plan is on schedule and on budget. This will strengthen the financial sustainability of Giroscope and enable us to help more people into training, employment and volunteering.

In the spring of 2011 our Housing Officer, John Wood left the organisation after 10 years of service. John did much to introduce a modern functioning administrative system into Giroscope and will be missed both by his fellow workers and the many Giroscope tenants whom he helped over his time with us.

Giroscope will continue with its business plan into 2012 – bringing empty properties back into use to provide homes for those that need them. We hope to increase our work force to enable us to train more volunteers and provide a first class service for our tenants. We will continue to work with the local authority and other groups to help bring about change and improvement to our community.

## **Giroscope Limited**

### **Report of the Management Committee**

#### **For the year ended 31<sup>st</sup> December 2011**

### **Structure, Governance and Management**

#### **Governing Document**

The organisation is a charitable company limited by guarantee, incorporated on 13<sup>th</sup> August 1986 and registered as a charity on 4<sup>th</sup> January 2009. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

#### **Recruitment and Appointment of Management Committee**

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Executive Committee. Under the requirements of the Memorandum and Articles of Association the members of the Management Committee will be elected to serve a period of three years after which they must be re-elected at the next Annual General Meeting (Resolution of Annual General Meeting November 2006).

The Management Committee is made up of a mix of traditional business skills from their own particular area of responsibility. In an effort to maintain this broad skill mix and in the event of particular skills being lost due to retirements, individuals are approached to offer themselves for election to the Committee.

#### **Trustee Induction and Training**

All of our trustees are already familiar with the practical work of the charity and are encouraged to familiarise themselves with the staff and volunteers within the organisation.

Additionally, new trustees are invited and encouraged to attend an introductory meeting with the Chair of the Management Committee and familiarise themselves with the charity and the context within which it operates. This meeting covers

- The obligations of Management Committee members
- The main documents which set out the operational framework for the charity including the Memorandum and Articles
- Resourcing and the current financial position as set out in the latest published accounts
- Future plans and objectives
- Charity Commission
- Company Law

A Trustees induction pack has also been prepared drawing information from the various Charity Commission publications signposted through the Commission's guide 'the Essential Trustee' as an 'aide memoir'. This is distributed to all new trustees along with the Memorandum and Articles and the latest financial statements.

#### **Risk Management**

The Management Committee and staff will hold a review of the major risks to which the charity is exposed. A risk register will be established and is visited on a regular basis. Where appropriate, systems or procedures have already been established to mitigate the risks the charity faces. Significant external risks to funding will lead to the development of a strategic plan which will allow for the diversification of funding. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of all staff, volunteers, clients and visitors to Giroscope.

**Giroscope Limited**  
**Report of the Management Committee**  
**For the year ended 31<sup>st</sup> December 2011**

**Organisational Structure**

Giroscope Limited has an Executive Committee of 3 members who meet quarterly and are responsible for the strategic direction and policy of the charity. At the end of the financial year the Management Committee had three members. These members are from a variety of backgrounds relevant to the work of the charity.

A scheme of delegation is in place and day to day responsibility for the provision of the services rests with the Co-ordinator. The Management Committee is responsible for ensuring that the charity pursues its Aims and Objectives as well as setting strategic policy. The Co-ordinator has responsibility for the individual supervision of the staff team and also ensuring that the team continue to develop their skills and working practices in line with good practice.

**Objectives and Activities**

The company's objects and principal activities were those of

The purchasing, renovation and modernisation of housing in poor condition and the renting out of these houses to the unemployed and other disadvantaged groups in society.

The main objectives and activities for the year are covered in the Acting Chair's Message on page 2.

**Achievements and Performance**

Giroscope continued to invest in the maintenance and renovation of its properties. We continued to reduce our void rates and void times. We continued to see a rise in the demand for our service taking an average of ten calls a day from people seeking accommodation. We continued to develop our non residential property providing additional social business spaces at our Arthur Street property.

## **Giroscope Limited**

### **Report of the Management Committee**

#### **For the year ended 31<sup>st</sup> December 2011**

#### **Financial Review**

Additional funding opportunities were identified through the Lloyds TSB Foundation with a two year revenue grant £19,700 of this was received in 2011

#### **Principal Funding Sources**

The principal funding sources for the charity are the rents received from tenants, however the Management Committee and staff are continually seeking other sources of funding in respect of the renovation of properties

#### **Investment Policy**

Aside from retaining a prudent amount in reserves each year most of the charity's funds are spent in the short term so there are few funds for the long term investment. Having considered the options available, the Management Committee has decided to invest the small amount that it has available in a high interest account

#### **Reserves Policy**

The Management Committee will be examining the charity's requirements for reserves in light of the main risks to the organisation

It will establish a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should not exceed 6 months of expenditure

The reserves are needed to meet the working capital requirements of the charity and the Management Committee are confident that at this level they would be able to continue the current activities of the charity in the event of a significant drop in funding

#### **Plans for the Future**

The charity plans to continue its activities outlined above in the forthcoming years subject to satisfactory funding arrangements. In addition, it will look to further develop ways and means of regenerating our neighbourhood and increase opportunities for the people living there

**Giroscope Limited**

**Report of the Management Committee**

**For the year ended 31<sup>st</sup> December 2011**

**Responsibilities of the Management Committee**

Company law requires the management committee to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure for the financial year. In preparing those financial statements, the management committee should follow best practice and

- select suitable policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue on that basis

The management committee are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Management Committee is 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.

**Members of the Management Committee**

Members of the Management Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1.

In accordance with company law, as the company's directors, we certify that

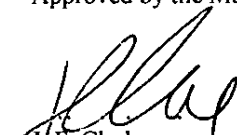
- so far as we are aware, there is no relevant information of which the company's accountants are unaware, and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant information and to establish that the charity's accountants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

**Accountants**

Sadofskys were re-appointed as the charitable company's accountants during the year and have expressed their willingness to continue in that capacity.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Management Committee on 31/3/12 and signed on its behalf by

  
J. F. Clarke  
Company Secretary



**Independent Examiner's Report to the Management Committee of**

**Giroscope Limited**

**For the year ended 31<sup>st</sup> December 2011**

I report on the accounts of Giroscope Limited for the year ended 31<sup>st</sup> December 2011, which are set out on pages 8 to 16

**Respective responsibilities of trustees and examiner**

The trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144 (2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to

- examine the accounts under section 145 of the 2011 Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act, and
- to state whether particular matters have come to my attention

**Basis of independent examiner's report**

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and the seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

**Independent examiner's statement**

In connection with my examination, no matter has come to my attention

- which gives me reasonable cause to believe that, in any material respect, the requirements
  - a) to keep accounting records in accordance with section 386 of the Companies Act 2006, and
  - b) to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice Accounting and Reporting by Charities have not been met, or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached

**Mr P. Drant FCCA  
Sadofskys Chartered Accountants,  
Princes House,  
Wright Street,  
Hull,  
HU2 8HX**

**Giroscope Limited**

**Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31<sup>st</sup> December 2011**

	Notes	Unrestricted Funds £	Restricted Funds £	2011 Total £	2010 Total £
<b><u>Incoming resources</u></b>	2				
<b>Incoming resources from generated funds:</b>					
<i>Activities for generating funds</i>					
Rent received		178,688	-	178,688	122,351
Interest received		33	-	33	33
<b>Incoming resources from charitable activities:</b>					
Services payments and grants	3	100	19,600	19,700	18,254
Other income		<u>2,885</u>	<u>-</u>	<u>2,885</u>	<u>-</u>
<b>Total incoming resources</b>		<u>181,706</u>	<u>19,600</u>	<u>201,306</u>	<u>140,638</u>
<b><u>Resources expended</u></b>					
Charitable activities	4	111,970	21,100	133,070	80,569
Governance costs	5	<u>38,549</u>	<u>-</u>	<u>38,549</u>	<u>55,349</u>
<b>Total resources expended</b>		<u>150,519</u>	<u>21,100</u>	<u>171,619</u>	<u>135,918</u>
<b>Net incoming resources before other recognised gains</b>		<u>31,187</u>	<u>(1,500)</u>	<u>29,687</u>	<u>4,720</u>
<b>Net movement in funds</b>		31,187	(1,500)	29,687	4,720
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>1,436,176</u>	<u>1,500</u>	<u>1,437,676</u>	<u>1,432,956</u>
<b>Total funds carried forward</b>		<u>1,467,363</u>	<u>-</u>	<u>1,467,363</u>	<u>1,437,676</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

**Giroscope Limited (Registered number. 02046356)**

**Balance Sheet as at 31<sup>st</sup> December 2011**

	Notes	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Tangible assets	8		2,312,515		2,017,208
<b>Current assets</b>					
Debtors	9	15,130		13	
Cash at bank and in hand		<u>45,568</u>		<u>51,803</u>	
		60,698		51,816	
<b>Creditors: amounts falling due within one year</b>	10	<u>24,878</u>		<u>16,441</u>	
<b>Net current assets/(liabilities)</b>			<u>35,820</u>		<u>35,375</u>
			2,348,335		2,052,583
<b>Creditors: amounts falling due after more than one year</b>	11		<u>693,976</u>		<u>614,907</u>
Total assets less current liabilities			<u>1,654,359</u>		<u>1,437,676</u>
<b>Funds</b>					
Unrestricted funds - Revaluation reserve	13		1,430,076		1,243,080
Unrestricted funds - General funds	13		224,283		193,096
Restricted funds	14		<u>-</u>		<u>1,500</u>
<b>Total members fund</b>			<u>1,654,359</u>		<u>1,437,676</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st December 2011

The members have not required the company to obtain an audit of its financial statements for the year ended 31st December 2011 in accordance with Section 476 of the Companies Act 2006

The directors acknowledge their responsibilities for

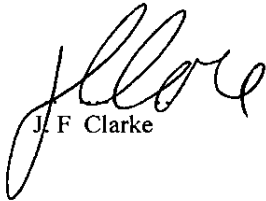
- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company

**Giroscope Limited (Registered number: 02046356)**

**Balance Sheet as at 31<sup>st</sup> December 2011 (Continued)**

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2009)

Approved by the management committee on 31/3/12 and signed on its behalf by the following directors

  
J. F. Clarke

**Giroscope Limited**

**Notes to the Financial Statements for year ended 31<sup>st</sup> December 2011**

**1 Statement of accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2009) and with the Accounting and Reporting by Charities Statement of Recommended Practice ( issued in March 2005)

**Cash flow**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company

**Income**

Income represents all income received from the various sources

**Depreciation of tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its useful life

Land and buildings	2% on cost
Plant and machinery etc	at variable rates on reducing balance

**Fund Accounting**

Funds held by the charity are either

Restricted funds – these are 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

Unrestricted funds – these are funds, which can be used in accordance with the charitable objects at the discretion of the business

**2 Income**

The company is funded mainly by rents received from tenants and grant funding in respect of the renovation and modernisation of properties

**Giroscope Limited**

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2011**

**3 Incoming Resources from Charitable Activities**

	Unrestricted	Restricted	Total 2011	Total 2010
	£	£	£	£
<i>Grants Received</i>				
Playscape Community	-	-	-	2,000
Sir James Reckitt Charity	-	-	-	10,000
Donations Received	100	-	100	6,254
Lloyds TSB	-	19,600	19,600	-
	<u>100</u>	<u>19,600</u>	<u>19,700</u>	<u>18,254</u>

**4 Resources expended - Charitable activities**

	Unrestricted	Restricted	Total 2011	Total 2010
	£	£	£	£
Sub contractors	26,600	19,700	46,300	8,172
Repairs and renewals	1,972	-	1,972	3,538
Wages, salaries and redundancy pay	40,796	-	40,796	51,004
Rates and water	1,730	-	1,730	1,168
Light and heat	3,613	-	3,613	2,197
Telephone	1,231	-	1,231	1,413
Postage, stationery and advertising	1,549	-	1,549	1,018
Motor expenses	6,736	-	6,736	2,881
Insurance	11,421	-	11,421	7,989
Sundry expenses	4,535	-	4,535	821
Volunteer expenses	8,457	1,400	9,857	-
Bad debts	1,277	-	1,277	-
Training	2,053	-	2,053	368
	<u>111,970</u>	<u>21,100</u>	<u>133,070</u>	<u>80,569</u>

**Giroscope Limited**

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2011**

**5 Resources expended - Governance costs**

	Unrestricted	Restricted	Total 2011	Total 2010
	£	£	£	£
Accountancy fees	3,480	-	3,480	3,475
Professional fees	7,143	-	7,143	4,751
Bank charges	4,064	-	4,064	3,497
Credit card charges and interest	171	-	171	9
Bank loan interest	22,698	-	22,698	14,286
Depreciation of fixed assets	<u>993</u>	<u>-</u>	<u>993</u>	<u>29,330</u>
	<u>38,549</u>	<u>-</u>	<u>38,549</u>	<u>55,349</u>

**6 Net Incoming Resources for the Year**

	2011 £	2010 £
This is stated after charging		
Depreciation of owned assets	<u>993</u>	<u>29,330</u>

**7 Information on directors and employees**

	2011 £	2010 £
<b>Staff costs</b>		
Gross wages	38,101	46,871
Employers NI	<u>2,695</u>	<u>4,133</u>
	<u>40,796</u>	<u>51,004</u>

The average number of employees during the year was made up as follows

	2011	2010
Directors	3	3
Other	<u>3</u>	<u>3</u>
	<u>6</u>	<u>6</u>

No employee received emoluments of more than £60,000

No directors' remuneration was paid during this period nor during the prior period ended 31<sup>st</sup> December 2011

**Giroscope Limited**

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2011**

**8 Tangible fixed assets**

	<b>Freehold Property £</b>	<b>Plant and Machinery etc £</b>	<b>Total £</b>
<b>Cost:</b>			
As at 1 <sup>st</sup> January 2011	2,211,117	28,182	2,239,299
Additions	93,535	15,769	109,304
Revaluations	<u>186,996</u>	<u>-</u>	<u>186,996</u>
As at 31 <sup>st</sup> December 2011	<u>2,491,648</u>	<u>43,951</u>	<u>2,535,599</u>
<b>Depreciation:</b>			
As at 1 <sup>st</sup> January 2011	200,113	21,978	222,091
Charge for the year	<u>-</u>	<u>993</u>	<u>993</u>
As at 31 <sup>st</sup> December 2011	<u>200,113</u>	<u>22,971</u>	<u>223,084</u>
<b>Net book value.</b>			
As at 31 <sup>st</sup> December 2011	<u>2,291,535</u>	<u>20,980</u>	<u>2,231,515</u>
As at 31 <sup>st</sup> December 2010	<u>2,011,004</u>	<u>6,204</u>	<u>2,017,208</u>

Cost or valuation at 31<sup>st</sup> December 2011 is represented by

	<b>Freehold Property £</b>	<b>Plant and Machinery etc £</b>	<b>Total £</b>
Valuation in 2007	1,203,463	-	1,203,463
Valuation in 2011	186,996	-	186,996
Cost	<u>1,007,654</u>	<u>43,951</u>	<u>1,106,140</u>
	<u>2,452,648</u>	<u>43,951</u>	<u>2,496,599</u>

**9 Debtors**

	<b>2011 £</b>	<b>2010 £</b>
Other debtors	-	13
Rent arrears	<u>15,130</u>	<u>-</u>
	<u>15,130</u>	<u>13</u>



**Gioscope Limited**

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2011**

**10 Creditors: amounts falling due within one year**

	2011	2010
	£	£
Bank loans and overdrafts	18,154	9,906
Trade creditors	1,779	-
Social security and other taxes	704	902
Other creditors	-	-
Credit card	1,259	2,393
Accrued expenses	2,760	3,240
Other loans	222	-
	<u>24,878</u>	<u>16,441</u>

**11 Creditors: amounts falling due after more than one year**

	2011	2010
	£	£
Bank loans	<u>693,976</u>	<u>614,907</u>

**12 Analysis of Net Assets Between Funds**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	2,312,515	-	2,312,515
Current assets	60,698	-	60,698
Current liabilities	(24,878)	-	(24,878)
Long term liabilities	<u>(693,976)</u>	<u>-</u>	<u>(693,976)</u>
Net assets at 31 <sup>st</sup> December 2011	<u>1,654,359</u>	<u>-</u>	<u>1,654,359</u>

**13 Unrestricted Funds**

	Revaluation Reserve £	General Funds £	Total £
Balance as at 1 <sup>st</sup> January 2011	1,243,080	193,096	1,436,176
Surplus for the year	<u>186,996</u>	<u>31,187</u>	<u>218,183</u>
Balance as at 31 <sup>st</sup> December 2011	<u>1,430,076</u>	<u>224,283</u>	<u>1,654,359</u>

**Giroscope Limited**

**Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2011**

**14 Restricted Funds**

	<b>Incoming Resources £</b>	<b>Total £</b>
Balance as at 1 <sup>st</sup> January 2011	1,500	1,500
Deficit for the year	<u>(1,500)</u>	<u>(1,500)</u>
Balance as at 31 <sup>st</sup> December 2011	<u>-</u>	<u>-</u>

The general reserve represents the free funds of the charity, which are not for particular restricted purposes

The incoming resources reserve represents the restricted funds of the charity, which are used to fund the specific projects and renovation costs as stated by the grant providers

**15 Control**

In the opinion of the directors no one party controlled the company during the above periods