

Giroscope Limited
Report and Financial Statements (incorporating the Annual Review)
For the year ended 31st December 2013



Registered Number: 02046356 (England & Wales)

Registered Charity Number: 1117457

Giroscope Limited

Financial Statements for the year ended 31st December 2013

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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 31st December 2013

The management committee present their report and the financial statements of the company for the year ended 31st December 2013

A Message from the Acting Chairman

2013 was a busy and productive year for Giroscope. Over the course of the year we have acquired 13 empty houses and fully renovated 11 properties. This has provided secure, affordable housing to a total of 25 people. In addition, 16 of our existing properties became vacant during the year. This provided the opportunity to update some of our older properties, and the overall standard of Giroscope properties is now very good. All but one of these properties have now been re-let, which we are still renovating.

Over 60 volunteers participated in our Volunteer Programme during 2013. This is an increase of over 150% from the previous year and reflects the high demand for our services. Certainly without the contribution of the volunteers we would not have been able to achieve as much over the course of the year.

We have increased our work force by three, employing a new Building Skills Supervisor, a Project Manager and taking on a second apprentice in September 2013, who is training to become a joiner. Peter Hawley, our first Building Skills Supervisor retired in June after 4 years at Giroscope. Over his time with us Peter greatly improved our Volunteer Programme and his skills and experience greatly improved the standard of accommodation we provide. He will be missed by both our staff and volunteers.

Giroscope was successful in its application to the second round of the Government's Empty Homes Community Grants Programme. This grant will contribute to our current expansion plan and support our work bringing long-term void properties back into use. This project will also be supported by a loan from the Quaker Housing Trust.

In June 2013 we received a funding from the ESF (European Social Fund) to run a 3 month project providing additional support and training for our volunteers. This project was very successful, participants received First Aid and Health and Safety training, and the majority got CSCS (Construction Skills Certification Scheme) cards. We were also successful in our application to the JP Getty Jnr Charitable Trust which has provided the funds to employ an additional Building Skills Supervisor for 2 years. This will enable us to increase the capacity of our Volunteer Programme, responding to the increased demand for our services.

We were also received at Awards for All grant from the National Lottery to create a short film about Giroscope. This project was run by one of our volunteers and involved a group of young people in the filming and editing. The completed film is shown on our website – www.giroscope.org.uk

A new business plan was developed to plan our expansion over the next 2 years. This sets out a plan to increase Giroscope's residential portfolio to 84 properties by the end of March 2015. This will enable us to continue to provide work experience and training for our volunteers, provide additional accommodation to those with a housing need and continue to regenerate our neighbourhood.

Giroscope Limited

Report of the Management Committee

For the year ended 31st December 2013

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 13th August 1986 and registered as a charity on 4th 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 31st December 2013

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 expand during 2013 bringing an additional 11 residential properties back into use. We have continued to develop our non-residential property portfolio providing additional space for small businesses and social enterprises.

Over the last year we provided work placements to 63 people, including ex-offenders, people with learning difficulties, school and referral unit pupils and long term unemployed people. We have continued to see a rise in demand for our volunteer programme.

Giroscope worked closely with Hull City Council during 2013 to develop their Empty Homes Strategy and regenerate the neighborhoods we work in. We participate in wider discussions regarding regional and national Empty Homes Strategy and we offer guidance and support to organisations interested in developing projects bringing void properties back into use.

Giroscope Limited
Report of the Management Committee
For the year ended 31st December 2013

Financial Review

Additional funding opportunities we identified through the Empty Homes Community Grants Programme, JP Getty Jnr Charitable Trust, ESF (European Social Fund) and an Awards for All, a National Lottery grant. We also accepted financial support from the Quaker Housing Trust.

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 intends to continue its activities outlined above in the forthcoming years subject to satisfactory funding arrangements. In addition Giroscope will look to develop our volunteer programme, regenerate our neighborhood and increase the opportunities for the people living there.

Giroscope Limited

Report of the Management Committee

For the year ended 31st December 2013

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 26/4/14 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 31st December 2013

I report on the accounts of Giroscope Limited for the year ended 31st December 2013, 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

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Giroscope Limited

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31st December 2013

	Notes	Unrestricted Funds £	Restricted Funds £	2013 Total £	2012 Total £
<u>Incoming resources</u>	2				
Incoming resources from generated funds:					
<i>Activities for generating funds</i>					
Rent received		227,076	-	227,076	182,602
Interest received		223	-	223	76
Incoming resources from charitable activities:					
Services payments and grants	3	-	28,774	28,774	28,440
Other income		<u>2,770</u>	<u>-</u>	<u>2,770</u>	<u>3,555</u>
Total incoming resources		<u>230,069</u>	<u>28,774</u>	<u>258,843</u>	<u>214,673</u>
<u>Resources expended</u>					
Charitable activities	4	127,391	28,774	156,165	143,121
Governance costs	5	<u>49,706</u>	<u>-</u>	<u>49,706</u>	<u>32,237</u>
Total resources expended		<u>177,097</u>	<u>28,774</u>	<u>205,871</u>	<u>175,358</u>
Net incoming resources before other recognised gains		<u>52,972</u>	<u>-</u>	<u>52,972</u>	<u>39,315</u>
Net movement in funds		52,972	-	52,972	39,315
Reconciliation of funds					
Total funds brought forward		<u>1,506,678</u>	<u>-</u>	<u>1,506,678</u>	<u>1,467,363</u>
Total funds carried forward		<u>1,559,650</u>	<u>-</u>	<u>1,559,650</u>	<u>1,506,678</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

Balance Sheet
31st December 2013

	Notes	31/12/13 £	31/12/12 £
Fixed assets			
Tangible assets	8	2,943,511	2,561,558
Current assets			
Debtors	9	20,396	19,183
Cash at bank and in hand		<u>18,003</u>	<u>9,551</u>
		38,399	28,734
Creditors			
Amounts falling due within one year	10	<u>75,246</u>	<u>32,399</u>
Net current (liabilities)/assets		<u>(36,847)</u>	<u>(3,665)</u>
Total assets less current liabilities		2,906,664	2,557,893
Creditors			
Amounts falling due after more than one year	11	<u>1,160,018</u>	<u>864,219</u>
Net assets		<u>1,746,646</u>	<u>1,693,674</u>
Funds			
Unrestricted funds - Revaluation reserve	13	1,430,076	1,430,076
Unrestricted funds - General funds	13	316,570	263,598
Restricted funds	14	-	-
Total members fund		<u>1,746,646</u>	<u>1,693,674</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st December 2013

The members have not required the company to obtain an audit of its financial statements for the year ended 31st December 2012 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

Balance Sheet - continued
31st December 2013

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 2008)

The financial statements were approved by the Board of Directors on 26/4/14 and were signed on its behalf by


J. P. Clarke - Director

Giroscope Limited

Notes to the Financial Statements for year ended 31st December 2013

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
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Plant and machinery etc	at variable rates on reducing balance
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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 31st December 2013

3 Incoming Resources from Charitable Activities

	Unrestricted	Restricted	Total 2013	Total 2012
	£	£	£	£
<i>Grants Received</i>				
Apprenticeship Scheme Grant	-	1,500	1,500	-
Lottery Awards for All	-	6,200	6,200	-
HLC Grants	-	8,221	8,221	-
J Paul Getty Jnr Charitable Trust	-	12,500	12,500	-
LEAF Grant	-	-	-	1,390
Donations Received	-	353	353	-
Lloyds TSB	-	-	-	19,600
Hull and East Riding Charitable Trust	-	-	-	5,000
Grocers Trust	-	-	-	2,000
Hull City Council	-	-	-	450
	<u>-</u>	<u>28,774</u>	<u>28,774</u>	<u>28,440</u>

4 Resources expended - Charitable activities

	Unrestricted	Restricted	Total 2013	Total 2012
	£	£	£	£
Sub contractors	26,181	-	26,181	9,819
Repairs and renewals	15,972	-	15,972	15,250
Wages, salaries and redundancy pay	35,962	28,774	64,736	76,516
Rates and water	4,767	-	4,767	2,840
Light and heat	3,719	-	3,719	2,601
Telephone	1,333	-	1,333	1,087
Postage, stationery and advertising	1,989	-	1,989	1,426
Motor expenses	5,012	-	5,012	7,064
Insurance	9,397	-	9,397	9,629
Sundry expenses	9,495	-	9,495	4,766
Volunteer expenses	5,118	-	5,118	9,405
Bad debts	8,446	-	8,446	2,718
	<u>127,391</u>	<u>28,774</u>	<u>156,165</u>	<u>143,121</u>

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2013

5 Resources expended - Governance costs

	Unrestricted	Restricted	Total 2013	Total 2012
	£	£	£	£
Accountancy fees	3,714	-	3,714	2,760
Professional fees	695	-	695	1,638
Bank charges	4,328	-	4,328	371
Credit card charges and interest	32	-	32	88
Bank loan interest	39,892	-	39,892	26,390
Depreciation of fixed assets	<u>1,045</u>	<u>-</u>	<u>1,045</u>	<u>990</u>
	<u>49,706</u>	<u>-</u>	<u>49,706</u>	<u>32,237</u>

6 Net Incoming Resources for the Year

	2013 £	2012 £
This is stated after charging		
Depreciation of owned assets	<u>1,045</u>	<u>990</u>

7 Information on directors and employees

	2013 £	2012 £
Staff costs		
Gross wages	60,640	52,956
Employers NI	<u>4,096</u>	<u>3,960</u>
	<u>64,736</u>	<u>56,916</u>

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

	2013	2012
Directors	3	3
Other	<u>6</u>	<u>3</u>
	<u>9</u>	<u>6</u>

No employee received emoluments of more than £60,000

No directors' remuneration was paid during this year nor during the prior year ended 31st December 2012

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2013

8 Tangible fixed assets

	Freehold Property £	Plant and Machinery etc £	Total £
Cost:			
As at 1 st January 2013	2,740,475	45,159	2,785,634
Additions	<u>382,139</u>	<u>859</u>	<u>382,998</u>
As at 31 st December 2013	<u>3,122,614</u>	<u>46,018</u>	<u>3,168,632</u>
Depreciation:			
As at 1 st January 2013	200,113	23,963	224,076
Charge for the year	<u>-</u>	<u>1,045</u>	<u>1,045</u>
As at 31 st December 2013	<u>200,113</u>	<u>23,963</u>	<u>225,121</u>
Net book value:			
As at 31 st December 2013	<u>2,922,501</u>	<u>21,010</u>	<u>2,943,511</u>
As at 31 st December 2012	<u>2,540,362</u>	<u>21,196</u>	<u>2,561,558</u>

Cost or valuation at 31st December 2013 is represented by

	Freehold Property £	Plant and Machinery etc £	Total £
Valuation in 2011	186,996	-	186,996
Valuation in 2007	1,203,463	-	1,203,463
Cost	<u>1,732,155</u>	<u>46,018</u>	<u>1,778,173</u>
	<u>3,122,614</u>	<u>46,018</u>	<u>3,168,632</u>

9 Debtors

	2013 £	2012 £
Rent arrears	<u>20,396</u>	<u>19,183</u>
	<u>20,396</u>	<u>19,183</u>

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2013

10 Creditors: amounts falling due within one year

	2013	2012
	£	£
Bank loans and overdrafts	27,479	26,572
Trade creditors	1,219	501
Social security and other taxes	2,643	1,303
Credit card	1,293	1,057
Other creditors	207	-
Accrued expenses	2,760	2,760
Other loans	2,145	206
Deferred grants	<u>37,500</u>	<u>-</u>
	<u>75,246</u>	<u>32,399</u>

11 Creditors: amounts falling due after more than one year

	2013	2012
	£	£
Bank loans	1,136,685	864,219
Other loans	<u>23,333</u>	<u>-</u>
	<u>1,160,018</u>	<u>864,219</u>

12 Analysis of Net Assets Between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	2,943,511	-	2,561,558
Current assets	38,399	-	28,734
Current liabilities	(75,246)	-	(32,399)
Long term liabilities	<u>(1,160,018)</u>	<u>-</u>	<u>(864,219)</u>
Net assets at 31 st December 2013	<u>1,746,646</u>	<u>-</u>	<u>1,693,674</u>

13 Unrestricted Funds

	Revaluation Reserve £	General Funds £	Total £
Balance as at 1 st January 2013	1,430,076	263,598	1,693,674
Deficit for the year	<u>-</u>	<u>52,972</u>	<u>52,972</u>
Balance as at 31 st December 2013	<u>1,430,076</u>	<u>316,570</u>	<u>1,746,646</u>

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2013

14 Restricted Funds

	Incoming Resources £	Total £
Balance as at 1 st January 2013	-	-
Deficit for the year	-	-
Balance as at 31 st December 2013	-	-

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