Grant Thornton

Financial statements Skainos Limited Company Limited by Guarantee

For the Year Ended 31 March 2011

Company No. NI053673

Members of the board and professional advisers

Registered charity name	Skainos Limited
Charity number	XR73840
Company registration number	NI053673
Registered office	Stepping Stone 240 Newtownards Road Belfast BT4 1HB
Directors	B McConnell J O'Donnell P N Blair J Brown D Mullan D J Kerr Rev G Mason D Nixon L J Hopley N Blair J Allen N M T Sheridan
Secretary	G Jordan
Bankers	Ulster Bank Limited Arches Retail Park Belfast BT5 4AF
Solicitors	Ian MacCorkell Solicitor MacCorkell Legal & General Garvey Studios 8-10 Longstone Street LISBURN Co Antrim BT28 1TP

Members of the board and professional advisers

Auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Chartered Accountants
Statutory Auditor
Water's Edge
Clarendon Dock
BELFAST
BT1 3BH

Contents

Report of the directors

The Board have pleasure in presenting their report for the twelve month period ended 31st March 2011 This report is prepared in accordance with the Memorandum of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities 2005

Structure, governance and management

The company is incorporated as Skainos Limited and registered in Northern Ireland as a company limited by guarantee and not having a share capital Its Company Number is NI053673

The Company is governed by its Memorandum and Articles of Association The company has been granted charitable status by the Inland Revenue and accordingly is exempt from income tax, corporation tax and capital gains tax Its charity reference number is XR73840

The day to day work of Skainos is carried out by the Skainos Unit headed by the Skainos Project Director Glenn Jordan with support from two part-time consultants The board wish to place on record their appreciation to the Skainos Unit

Objectives and activities

A review of Skainos' activities and achievements for this period are set out in the organisation's annual report During the period the Board duties have included overseeing the implementation of the main objectives of the Company and more specifically conducting a tender and appointment of a contractor for the building of Community and affordable Commercial facilities on the Newtownards Road During the year our Integrated Design Team finalised plans and we have received updated planning permission for the Skainos buildings which will help regenerate an area of need The objects of the Company include

> The promotion for the public benefit of urban regeneration in East Belfast (the "area of benefit"), being an area of social and economic deprivation, by all or any of the following means
>
> (i) the relief of poverty in such ways as may be thought fit,
>
> (ii) the relief of unemployment in such ways as may be thought fit, including assistance to find employment,
>
> (iii) the advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience,
>
> (iv) the provision of financial assistance, technical assistance or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help (i) in setting up their own business, or (ii) to existing businesses,
>
> (v) the creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms

Reference and administrative details

The Board is made of up of 13 directors - 4 nominated by East Belfast Mission, 2 nominated by the Trustees of the Methodist Church in Ireland, 3 nominated by Oaklee Housing Association and 4 representatives from the community G Crooks resigned in February 2011 and the vacancy will be filled in due course

B McConnell
J O'Donnell
P N Blair
J Brown
D Mullan
D J Kerr
G Crooks (resigned February 2011)
Rev G Mason
D Nixon
L J Hopley
N Blair
J Allen
N M T Sheridan

Financial review

Reserves Policy

The Executive of the Board have set a Reserves Policy whereby the aim is to have unrestricted reserves held by the charity of the equivalent of three months of the unrestricted resources expended plus a redundancy reserve when applicable This currently equates to £851 while the actual reserves at present are £2,156 This reserve policy will be reviewed during the coming year as the Skainos building nears completion

Restricted reserves relate to capital grants received in relation to fixed assets

Risk Review

The Board assessed the major risks to which the charity are exposed on an ongoing basis In particular those related to the operations and finances of the company and are satisfied that systems are in place to mitigate our exposure to the major risks A construction risk review document for the project has been prepared and is reviewed monthly and reconsidered in detail quarterly In addition a Corporate Risk document has been prepared and will be reviewed at each Board meeting

Activities during 2010/11

This was the most significant year to date in the history of Skainos After more than 10 years in development we were delighted to finally sign the construction contract with Farrans Construction Ltd on 22 October The signing was marked by a public event in East Belfast Mission's Re fresh Cafe to which local residents and friends of Skainos were invited

Farrans were appointed after a detailed and thorough procurement process and they began work on the site in the last week of October The traditional sod-cutting event on 8 December was attended by all funders including Minister Alex Attwood of the Department for Social Development The project would not be possible without the support of funders who include, the Department for Social Development, the SEUPB Peace III Programme, the International Fund for Ireland, Oaklee Housing Association, the Methodist Church in Ireland and East Belfast Mission The full funding package had been confirmed in March 2009 when the Department for Social Development issued their letter of offer and during the current year a Memorandum of Understanding (MOU) has been agreed and signed with funders detailing which elements of the scheme each funder is funding During the year Phase 2 of the archaeology of the graveyard site was substantially completed Remedial work also took place to enable the EBM Warehouse and Cafe to move premises and ensure that the entire site was vacated and ownership transferred to Skainos

Given that the project experienced considerable delays again during the year the Skainos board met five times in the year, including the Annual AGM in February 2011 At the AGM the Chair thanked Gary Crooks and Michael McCarthy, both of whom retired from the Board Mr Des Nixon was formally appointed at the AGM

The board and staff of Skainos wish express their thanks to Nial O'Neill, of Donnelly O'Neill Architects, the

Lead Consultant and Gerry Coghlan of URS Scott Wilson who is the Skainos Project Manager, as well as to the other members of the design team who have persevered with Skainos through some trying times in recent years

Plans for the future

Skainos is a project which seeks to regenerate a two acre site on the bottom of the Newtownards Road in Belfast an area of great social need

It is expected that the construction process will continue through the next year and complete in July 2012 During this period Skainos will be engaged not just in the construction process but also in managing the key task of transitioning all organisations, tenants, residents and clients into the new facility

It is anticipated that in the next financial year there is a commitment to expected expenditure of £14,000,000 on development costs for the project

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit 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, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

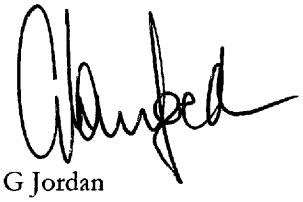
In so far as the directors are aware

- there is no relevant audit information of which the 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

Auditor

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

BY ORDER OF THE BOARD



G Jordan
Secretary
29 June 2011

Report of the independent auditor to the members of Skainos Limited

We have audited the financial statements of Skainos Limited for the year ended 31 March 2011 which comprise the statement of financial activities, the balance sheet and the related notes The financial reporting framework which has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the charitable company's members 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 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 requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Report of the independent auditor to the members of Skainos Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

ROBERT GIBSON (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS

1 July 2011

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006

Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small

Incoming resources

Incoming resources represent revenue and capital grants

Resources expended

All expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to that category Costs of charitable activities include support costs incurred through operational activities Governance costs represent the costs associated with the governance arrangements of the charity which relate to the general running of the charity, as opposed to those costs associated with charitable support activity

Fixed assets

All fixed assets are initially recorded at cost

Statement of financial activities (incorporating the income and expenditure account)

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources					
Incoming resources from generating funds					
Voluntary income	1	**3,405**	**1,349,418**	**1,352,823**	2,193,943
Total incoming resources		**3,405**	**1,349,418**	**1,352,823**	2,193,943
Resources expended					
Charitable activities	2/3	**(1,698)**	**–**	**(1,698)**	(4,944)
Governance costs	4	**(1,707)**	**–**	**(1,707)**	(1,679)
Total resources expended		**(3,405)**	**–**	**(3,405)**	(6,623)
Net incoming resources for the year/net income for the year	5	–	**1,349,418**	**1,349,418**	2,187,320
Reconciliation of funds					
Total funds brought forward		**2,156**	**2,513,088**	**2,515,244**	327,924
Total funds carried forward		**2,156**	**3,862,506**	**3,864,662**	2,515,244

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared

All of the above amounts relate to continuing activities

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	7	**4,144,507**	2,513,088
Current assets			
Debtors	9	**593,893**	867,342
Cash at bank		**280,465**	241,553
		874,358	1,108,895
Creditors amounts falling due within one year	10	**(1,154,203)**	(1,106,739)
Net current (liabilities)/assets		**(279,845)**	2,156
Total assets less current liabilities		**3,864,662**	2,515,244
Net assets		**3,864,662**	2,515,244
Funds			
Restricted income funds	12	**3,862,506**	2,513,088
Unrestricted income funds	13	**2,156**	2,156
Total funds		**3,864,662**	2,515,244

These financial statements were approved by the members of the committee on the 29 June 2011 and are signed on their behalf by

G Mason
Director

Company Registration Number NI053673

Notes to the financial statements

1 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Donations				
Revenue grants	3,405	–	3,405	6,623
Grants receivable				
Capital grants	–	1,349,418	1,349,418	2,187,320
	3,405	1,349,418	1,352,823	2,193,943

2 Costs of charitable activities by fund type

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Support costs	1,698	1,698	4,944

3 Costs of charitable activities by activity type

	Support costs £	Total Funds 2011 £	Total Funds 2010 £
Support costs	1,698	1,698	4,944

4 Governance costs

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Audit fees	1,707	1,707	1,679

5 Net incoming resources for the year

This is stated after charging

	2011 £	2010 £
Auditors' fees	1,707	1,679

6 Staff costs and emoluments

Skainos has one paid employee whose salary costs are capitalised as part of Skainos' development costs

7 Tangible fixed assets

	Land and buildings £	£	Total £
Cost			
At 1 April 2010	2,513,088	–	2,513,088
Additions	1,631,419	–	1,631,419
At 31 March 2011	4,144,507	–	4,144,507
Depreciation			
At 1 April 2010 and 31 March 2011	–	–	–
Net book value			
At 31 March 2011	**4,144,507**	–	**4,144,507**
At 31 March 2010	2,513,088	–	2,513,088

The costs incurred represent payments on account in relation to assets in the course of construction

The land is secured by charges raised by Ulster Bank Limited, Special EU Programme, IFI and Department for Social Development

8 Capital commitment

There is a commitment to expected expenditure of approximately £14,000,000 on development costs for the project in the next financial year (2010 £6,000,000)

9 Debtors

	2011 £	2010 £
Other debtors	**137,218**	40,037
Prepayments and accrued income	**456,675**	827,305
	593,893	867,342

10 Creditors: Amounts falling due within one year

	2011 £	2010 £
Amounts owed to related undertakings	–	542,359
Other creditors	**1,015,145**	553,689
Accruals and deferred income	**139,058**	10,691
	1,154,203	1,106,739

Other creditors includes an amount of £550,000 in relation to an advance from the SEUPB (2010 £550,000)

11 Analysis of net assets between funds

	Tangible fixed assets £	Net current assets/ (liabilities) £	Total £
Restricted Funds	4,144,507	(282,001)	3,862,506
Unrestricted Funds	–	2,156	2,156
	4,144,507	(279,845)	3,864,662

12 Restricted income funds

	Balance at 1 Apr 2010 £	Incoming resources £	Balance at 31 Mar 2011 £
Restricted Fund - Capital	2,513,088	1,349,418	3,862,506

13 Unrestricted income funds

	Balance at 1 Apr 2010 £	Incoming resources £	Outgoing resources £	Balance at 31 Mar 2011 £
General Funds	2,156	3,405	(3,405)	2,156

14 Prior year adjustment

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (2005)

Capital grants have been accounted for as incoming resources in the Statement of Financial Activities within restricted reserves

	2011 £	2010 £
Previously reported	2,156	2,156
Prior year adjustment	2,513,088	325,768
	2,515,244	327,924
Surplus for the year	1,349,418	2,187,320
As per note 11	3,864,662	2,515,244

15 Related party transactions

As a result of property being transferred from East Belfast Mission in the prior year, a company in which some of the board members are directors, a loan was outstanding but was paid off in full in the current financial year Therefore, the total amount due to East Belfast Mission is £NIL (2010 £542,359)

16 Company limited by guarantee

The liability of the members is limited to £1 At 31 March 2011 there were 12 members