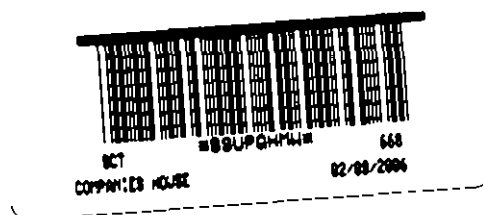


**THE AGED CHRISTIAN FRIEND  
SOCIETY OF SCOTLAND**

**FINANCIAL STATEMENTS**

**For the year ended 31 December 2005**

*Statutory*



# **THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND**

**(Company Limited by Guarantee and not having a Share Capital)**

## **FINANCIAL ACCOUNTS**

**For the year ended 31 December 2005**

**COMPANY REGISTRATION No:** SC238297

**SCOTTISH CHARITY No:** SC016247

**DIRECTORS:** Mr Michael D Pentland, CA, Chairman  
Mrs Mary S N Dale, Vice-Chairman  
Mr Stuart Bridges  
Mrs Merle Copland  
Mr Peter Graham, FRICS  
Mrs H Evelyn M Jamieson (Resigned 22 June 2005)  
Rev Stephen C Parsons (Appointed 22 June 2005)  
Sheriff W Douglas Small  
Mr Peter J D Smith, MA. FFA  
Rev Dr George J Whyte, BSc. BD  
Mrs Agnes Wright

**SECRETARIES AND  
REGISTERED OFFICE:** Brodies Secretarial Services Limited  
15 Atholl Crescent  
EDINBURGH  
EH3 8HA

**BANKERS:** The Royal Bank of Scotland plc  
36 St Andrew Square  
EDINBURGH  
EH2 2YB

**SOLICITORS:** Brodies LLP  
15 Atholl Crescent  
EDINBURGH  
EH3 8HA

**AUDITORS:** Scott-Moncrieff  
Chartered Accountants  
17 Melville Street  
EDINBURGH  
EH3 7PH

**INVESTMENT ADVISORS:** Gerrard Ltd  
12 Melville Crescent  
EDINBURGH  
EH3 7LU

# **THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND**

## **FINANCIAL ACCOUNTS**

**For the year ended 31 December 2005**

### **CONTENTS**

- 1 & 2.** Directors' Report
- 3.** Statement of Directors' Responsibilities
- 4.** Independent Auditor's Report to the Members
- 5.** Income and Expenditure Account
- 6.** Statement of Financial Activities
- 7.** Balance Sheet
- 8 - 12.** Notes to the Financial Statements

# **THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND**

## **DIRECTORS' REPORT**

### **Incorporation of the Society**

The Company was incorporated and registered on 17 October 2002 as a Private Limited Company (Registration No. SC238297). On 1 January 2003 all the assets and liabilities of the Society transferred to the new Company (hereinafter referred to as "the Society")

### **Directors**

The Directors of the Society who served during the year were:

Mr Michael D Pentland, CA, Chairman  
Mrs Mary S N Dale, Vice-Chairman  
Mr Stuart Bridges  
Mrs Merle Copland  
Mr Peter Graham, FRICS  
Mrs H Evelyn M Jamieson (Resigned 22 June 2005)  
Rev Stephen C Parsons (Appointed 22 June 2005)  
Sheriff W Douglas Small  
Mr Peter J D Smith, MA, FFA  
Rev Dr George J Whyte, BSc. BD  
Mrs Agnes Wright

Rev Stephen C Parsons being a Director appointed in the period since the last Annual General Meeting is retiring, and being eligible is offering himself for re-election. Sheriff W Douglas Small, Mrs Merle Copland and Mr Peter Graham are retiring by rotation, and being eligible are offering themselves for re-election.

The Registered Office of the Society is 15 Atholl Crescent, Edinburgh EH3 8HA, the Office of the Secretaries, Brodies Secretarial Limited.

### **Review of Activities**

The Society's objects are of a charitable nature beneficial to the community in relieving the needs of the elderly by supporting men and women who are resident in Scotland and are 65 years of age or over through the provision of sheltered accommodation and other facilities for the care of, and the payment of annual pensions, to such individuals. The Society provides a small number of pensions in both Edinburgh and Glasgow, but its principal activity is the provision of sheltered housing at the Colinton Cottage Homes, Colinton, Edinburgh. The Cottage Homes are managed by the Care Director who reports to the Board of Directors. There is also a Finance Committee which again reports to the Board of Directors and considers all financial, including investment, matters.

The Society has achieved a surplus of £23,418 for the period to 31 December 2005, as shown in the Income and Expenditure account, after accounting for a gain on the disposal of quoted investments of £11,080 and donations and legacies received of £4,391.

As in past years the general maintenance programme for the Colinton Cottage Homes has continued, together with general upgrading of cottages whenever possible.

The Colinton Cottage Homes were revalued at £4,200,000 as at 31 December 2003

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2000). Investments have been managed in accordance with powers afforded to the Board of Directors in the Society's Memorandum & Articles.

The Society has sufficient liquid funds to allow it to meet its contractual obligations as well as its ongoing activities.

Pensions continued to be paid at the rate of £220 per annum.

# **THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND**

## **DIRECTORS' REPORT(cont'd)**

### **Share Capital**

The Society is a private company limited by Guarantee and is without share capital.

### **Taxation**

The Society is a charity and is recognised as such by the Inland Revenue for taxation purposes. As a result there is no liability to taxation on any of its income.

### **Investment Policy**

The Society uses the services of Gerrard Ltd as investment advisers. The policy is to adopt a low risk investment strategy based on maximising income while maintaining capital growth.

### **Reserves Policy**

It is the policy of the Society to maintain unrestricted funds at a level sufficient to cover management, administration and support costs.

### **Risk Policy**

The Directors have assessed the risks to which the Society is exposed, in particular those related to the operations and future of the Society, and are satisfied that systems are in place to mitigate exposure to major risks.

### **Auditors**

The Directors will place a resolution before the Annual General Meeting to re-appoint Scott-Moncrieff CA as auditors for the ensuing year.

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND


## STATEMENT OF 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 Society and of the surplus or deficit for the Society 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 Society 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 Society and to enable them to ensure that the financial statements comply with the legislation. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Approved by the Board on .. ... 14 JUNE .....2006  
and signed on its behalf by

  
.....  
M D Pentland  
Chairman

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

For the year ended 31 December 2005

We have audited the financial statements of The Aged Christian Friend Society of Scotland for the year ended 31 December 2005 set out on pages 5 to 12. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8

This report is made solely to the Society's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society'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 described in the Statement of Directors' Responsibilities the charitable Society's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the charitable Society has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the charitable Society is not disclosed

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable Society'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 misstatement, 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 charitable Society's affairs as at 31 December 2005 and of its incoming resources and application of resources in the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Scott-Moncrieff*

Scott-Moncrieff  
Chartered Accountants  
Registered Auditor  
17 Melville Street  
EDINBURGH EH3 7PH

*14 June*

2006

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND

## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2005

	Note	2005	2004
		£	£
<b>Income</b>			
Legacies		3,371	-
Realised Gains on Investments		11,080	451
Interest and Dividends		47,321	43,023
Rents from Land and Buildings		146,499	149,367
Donations		1,020	1,020
		<u>209,291</u>	<u>193,861</u>
<b>Expenditure</b>			
Grants and Donations relating directly to charitable activities (Pensions)	3	2,035	2,585
Other expenditure relating directly to charitable activities	4	133,021	110,825
Administration costs	5	49,172	51,640
Auditor's remuneration	5	1,645	1,498
		<u>185,873</u>	<u>166,548</u>
<b>Surplus for the year</b>		<u>23,418</u>	<u>27,313</u>

All the results of the Society relate to continuing activities.

The notes on pages 8 to 12 form part of these financial accounts.

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2005

	Note	2005 £	2004 £
<b>INCOME AND EXPENDITURE</b>			
<b>Incoming Resources</b>			
Legacies		3,371	-
Donations		1,020	1,020
Investment Income		47,321	43,023
Rents		146,499	149,367
<b>Total Incoming Resources</b>		<u>198,211</u>	<u>193,410</u>
<b>Resources Expended</b>			
Activities in furtherance of the charity's objectives			
Pensions	3	2,035	2,585
Cottage Homes	4	133,021	110,825
Other expenditure :			
Management and administration of the charity	5	50,817	53,138
<b>Total Resources Expended</b>		<u>185,873</u>	<u>166,548</u>
<b>Net Incoming Resources for the year</b>		<u>12,338</u>	<u>26,862</u>
<b>Other Recognised Gains and Losses</b>			
Gains on investments:			
Realised		11,080	451
Unrealised	8	163,030	88,556
<b>Net Movement of Funds</b>		<u>186,448</u>	<u>115,869</u>
Fund balances brought forward at 1 January 2005		5,392,265	5,276,396
<b>Fund Balances carried forward at 31 December 2005</b>		<u><u>5,578,713</u></u>	<u><u>5,392,265</u></u>

The notes on pages 8 to 12 form part of these financial statements

Notes: All funds of the Society are unrestricted

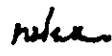
All the results of the Society relate to continuing activities

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND

## BALANCE SHEET As at 31 December 2005

		2005		2004	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Heritable Property	7		4,200,000		4,200,000
Other Fixed Assets	7		11,232		13,215
			<u>4,211,232</u>		<u>4,213,215</u>
<b>INVESTMENTS</b>					
Investments per valuation	8		1,245,342		1,083,557
<b>CURRENT ASSETS</b>					
Cash at Bank		142,551		110,575	
Cash Balance		265		100	
Sundry Debtors	9	2,693		2,152	
		<u>145,509</u>		<u>112,827</u>	
<b>CURRENT LIABILITIES</b>					
Amounts falling due within one year	10	<u>23,370</u>		<u>17,334</u>	
<b>NET CURRENT ASSETS</b>			122,139		95,493
			<u>5,578,713</u>		<u>5,392,265</u>
<b>REPRESENTED BY:</b>					
<b>Funds</b>					
Unrestricted Funds			<u>5,578,713</u>		<u>5,392,265</u>

Approved by the Board on . . . 14 JUNE . . . . . 2006  
and signed on its behalf by

  
M D Pentland  
Chairman

The notes on pages 8 to 12 form part of these financial accounts.

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

### 1. Accounting Policies

- a) The financial statements have been prepared under the historic cost convention as modified by the revaluation of fixed assets and in accordance with applicable accounting standards in the United Kingdom, Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2000) and the Companies Act 1985
- b) Donations and legacies are credited in the Accounts on an accruals basis.
- c) Rental income from the Colinton Cottage Homes and income from investments are credited in the Accounts on an accruals basis
- d) Expenditure on the upkeep and modernisation of the Colinton Cottage Homes is written off in the year when incurred
- e) The Society operates a defined benefit pension scheme and this is accounted for in accordance with FRS17
- f) The rates of depreciation are calculated so as to write off the cost less residual value of each asset evenly over its expected useful life as follows .  
Plant & Equipment - 15% Reducing balance  
Furniture - 15% Reducing balance
- g) The Society has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a cash flow statement for the year
- h) Investments within the Accounts are stated at Market Value All realised and unrealised gains on disposals are added to the Unrestricted Fund The shares were acquired in accordance with the powers given to the Directors in the Articles of Association and are all quoted on the UK Stock Exchange.
- i) The Society is not registered for VAT and accordingly expenditure includes VAT where appropriate

### 2. Unrestricted Funds

The Fund consists of cottages providing sheltered housing for men and women, together with investments and bank deposits which provide for the upkeep and maintenance of the cottages and the payment of pensions and the general administration of the Society

### 3. Grants for Charitable Purposes

During the year, 10 (2004, 12) pensions were paid totalling £2,035 ( 2004, £2,585). All pensions were paid at the rate of £220 per annum

### 4. Other Expenditure Relating to Charitable Activities

	2005 £	2004 £
Colinton Cottage Homes		
Rates and Insurance	12,899	11,768
Telephone	737	750
Garden Upkeep	1,789	581
Staff Salaries	49,626	46,785
Other Staff Costs	5,093	4,604
Heat & Light	18,883	14,488
Property Upkeep and Repairs & Cleaning	40,874	27,383
Depreciation	1,983	2,333
Miscellaneous Expenses	1,137	2,133
	<u>133,021</u>	<u>110,825</u>

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2005

### 5. Administration Costs

	2005	2004
	£	£
Administration costs include		
Secretaries' fees and expenses	44,394	44,410
Advertising and printing	2,760	5,180
Miscellaneous expenses	2,018	2,050
	<u>49,172</u>	<u>51,640</u>
Audit fees	1,645	1,498
	<u>50,817</u>	<u>53,138</u>

### 6. Staff Numbers and Costs

The average number of employees during the year was 4 (2004, 4) and the total cost of their remuneration was £49,626 (2004, £46,785) as detailed below:

	2005	2004
	£	£
Wages and salaries	43,270	40,909
Social security costs	2,039	2,191
Pension costs	4,317	3,685
	<u>49,626</u>	<u>46,785</u>

There were no employees with emoluments above £50,000

### 7. Fixed Assets

#### Heritable Property

Valuation at 31.12.2004 and 31.12.2005	<u>4,200,000</u>	<u>4,200,000</u>
--	------------------	------------------

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2005

### 7. Fixed Assets (cont'd)

	Plant & Equipment	Furniture	Total
<b>Cost</b>			
Balances as at 31 December 2004 and 2005	15,766	2,525	18,291
<b>Depreciation</b>			
Balance as at 31 December 2004	4,375	701	5,076
Charge for year	1,709	274	1,983
As at 31 December 2005	6,084	975	7,059
<b>Net Book Value</b>			
As at 31 December 2005	9,682	1,550	11,232
As at 31 December 2004	11,391	1,824	13,215

### 8. Investments

	Listed in the UK 2005 £	Listed in the UK 2004 £
Market Value as at 31 December 2004	1,083,557	941,341
Add acquisitions at cost	32,979	84,251
Less disposals at book value (proceeds £45,304, gain £11,080)	(34,224)	(30,591)
Unrealised gain at 31 December 2005	163,030	88,556
Market value at 31 December 2005	1,245,342	1,083,557
Historical costs as at 31 December 2005	424,692	416,490
The breakdown of the portfolio is as follows		
UK Quoted Investments		
Fixed and variable interest	100,948	100,069
Equities	1,068,548	926,022
Unit Trusts	75,846	57,466
	1,245,342	1,083,557

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2005

### 8. Investments cont'd

The following investments each comprise over 5% by value of the portfolio:

- 12,000 Barclays plc ordinary 25p shares
- 5,475 Royal Bank of Scotland plc ordinary 25p shares
- 5,171 Royal Dutch Shell plc B Eur 0.07 shares

### 9. Debtors

	2005	2004
	£	£
Income Tax recoverable	45	821
Prepayments and accrued interest	1,365	981
Other debtors	1,283	350
	<u>2,693</u>	<u>2,152</u>

### 10. Creditors: Amounts falling due within one year

	2005	2004
	£	£
Accruals	1,498	1,351
Trade creditors	19,613	13,584
Social Security and other taxes	2,259	2,399
	<u>23,370</u>	<u>17,334</u>

### 11. Indemnity Insurance

Premiums were paid during the year which provide insurance cover for the Society as shown below.

Public Liability	£1m
Professional Indemnity	£1m

### 12. Directors' Remuneration

The Directors received no remuneration or reimbursement of expenses

### 13. Revaluation of Fixed Assets

A revaluation of the sheltered housing at Colinton Cottage Homes was carried out by Mr Mark Atkinson, ARICS, on 30 March 2004. Taking into account the fact that the properties are tenanted and the considerable modernisation works which have been carried out, as well as the substantial increase in residential values since his last valuation five years ago, Mr Atkinson has valued the properties at £4,200,000.

# THE AGED CHRISTIAN FRIEND SOCIETY OF SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2005

### 14. Pension Commitments

The Aged Christian Friend Society of Scotland participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

The last formal valuation of the Scheme was performed at 30 September 2003 by a professionally qualified actuary using the "projected unit credit" method.

The Aged Christian Friend Society of Scotland paid contributions at the rate of 12.2% during the accounting period. Member contributions were 6.0%.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the Scheme, the profit and loss account charge for the period under both SSAP24 and FRS17 represents the employer contribution payable.

#### Financial assumptions

The financial assumptions underlying the valuation were as follows:

	% pa
- Investment return pre retirement	7.8
- Investment return post retirement	5.2
- Rate of salary increases	4.0
- Rate of pension increases	2.5
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	2.5

#### Valuation results

The market value of the Scheme's assets as at the 30 September 2003 valuation date was £143 million. The valuation showed a shortfall of assets compared to liabilities of £37 million (equivalent to a past service funding level of 80%).

The employer's ongoing future service contribution rate, after allowing for changes in benefits, was assessed as 9.3% of pensionable salaries. In view of the past service shortfall it was agreed that:

- i. The standard employer contribution rate would be increased from 12.2% to 14.0% of pensionable salaries with effect from April 2005.
- ii. Member contributions would be increase from 6.0% to 7.0% with effect from April 2005.

A small number of employers that have closed the Scheme to new entrants are required to pay an additional contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

On the basis of the valuation assumptions this pattern of contributions will be sufficient to eliminate the past service deficit by 30 September 2015.

#### Next valuation

The next valuation will be as at 30 September 2006 and the results will be available in September 2007.