

**THE AGED CHRISTIAN FRIEND  
SOCIETY OF SCOTLAND**

**DIRECTORS' ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**Charity Number: SC016247  
Company Registration No: SC238297**

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# **The Aged Christian Friend Society of Scotland**

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# **The Aged Christian Friend Society of Scotland**

## **Directors' Annual Report**

**For the year ended 31 December 2010**

### **Reference and Administration Information**

Company Registration no:	SC238297
Scottish Charity Number	SC016247
Registered Office, Secretaries and Treasurers	Johnston Smillie Ltd Chartered Accountants 2 Roseburn Terrace Edinburgh EH12 6AW
Directors	Mr Michael D Pentland, CA, Chairman Mrs Mary S N Dale, Vice-Chairman Mr Alan J Black Rev Rolf Billes Mrs Merle M Copland Mrs Margaret Craig Hall Mr Peter James Hastie Rev Stephen C Parsons (resigned 11/08/10)
Auditors	Scott-Moncrieff Chartered Accountants Exchange Place 3, Semple Street, Edinburgh, EH3 8BL
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
Investment Advisors	Rathbones Investment Management Ltd Charlotte House 2 South Charlotte Street Edinburgh EH2 4AW

## **The Aged Christian Friend Society of Scotland**

### **Directors' Annual Report (cont'd)**

**For the year ended 31 December 2010**

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

##### **Incorporation of the Society**

The company 'The Aged Christian Friend Society of Scotland', founded as a Friendly Society on 20 December 1889 was incorporated and registered on 17 October 2002 as a Private Company Limited by Guarantee (Registration No. SC238297). On 1 January 2003 all the assets and liabilities of the original Friendly Society were transferred to the new company (hereinafter referred to as "the Society"). The Society's governing documents are the Memorandum and Articles of Association.

##### **Directors' meetings and appointment**

New directors are appointed by the existing directors, and are briefed on the Society's aims, objectives, grant making policy and purposes.

At the bi-monthly directors meeting, the directors agree the broad strategy and areas of activity for the Society, including budgets, consideration of grant making, investment, reserves and risk management policies and performance. Reports are received from the Manager (not a formal director) of the Cottage Homes regarding the well being of the current residents, and from the "Property Manager" regarding the fabric of the buildings.

At the AGM on 11 August 2010, Revd Rolf Billes, having been elected on 2 December 2009, was re-elected. Michael Pentland, Mary Dale and Merle Copland, having retired by rotation, were re-elected. Revd Stephen Parsons resigned on 11 August 2010.

There is also a Finance Committee which again reports to the Board of Directors and considers all financial, including investment, matters.

The Society confirms that it has a directors and officers indemnity insurance in place.

##### **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. The directors consider variability of investment returns as one of the major risks, and therefore the Society used the services of Rathbones Investment Management during the year as investment advisers. The policy is designed to produce growth in both capital and income with a medium risk profile.

##### **Objectives and 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 and 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 day to day management of Cottage Homes is carried out by the Manager who reports to the Board of Directors.

##### **Grant Making Policy**

Grants are given in the form of pensions. These are distributed quarterly or half-yearly. Applicants for pensions are made through the local church minister or other appropriate sponsor, usually a person of high standing in the community.

Pensions continued to be paid at the rate of £220 per annum. There were 4 (2009:4) pensions totalling £880 (2009: £880).

## **The Aged Christian Friend Society of Scotland**

### **Directors' Annual Report (cont'd)**

**For the year ended 31 December 2010**

#### **Achievements and Performance**

The Society has an operating deficit of £50,269 for the year (2009: £20,681 deficit), as shown in the Income and Expenditure account, after accounting for a realised gain on the disposal of quoted investments of £745 (2009: £3,713) and donations and legacies received of £1,195 (2009: £720).

The market value of the investments at the year end was £1,183,964 (2009: £1,073,683). This represents an increase of 10.3% over the year. This is a result of the general improvements in the stockmarket over the year, along with additional investment made in the year. The income yield on the investments at the year end stood at 3.7% (2009: 4.3%). The directors believe that the investments produce sufficient income without prejudicing the ability of the portfolio to benefit from capital appreciation over the longer term.

The general maintenance programme for the Colinton Cottage Homes has continued, together with general upgrading of cottages whenever possible. The Colinton Cottage Homes properties are revalued every 5 years. They were revalued at £4,800,000 as at 31 December 2008 and the next revaluation is due in 2013.

#### **Financial Review**

##### **Reserves Policy**

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

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

##### **Auditors**

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

##### **Share Capital**

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

##### **Future Plans**

The Society plans to continue to provide sheltered housing and pensions in line with its objectives. There is an ongoing plan to continue to upgrade and maintain the houses to the existing high standard.

##### **Disclosure of Information to Auditors**

As far as each of the directors at the time of the report is approved are aware:

- There is no relevant information of which the Society's auditors are 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 auditors are aware of the information.

## **The Aged Christian Friend Society of Scotland**

### **Directors' Annual Report (cont'd) For the year ended 31 December 2010**

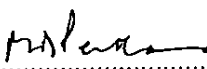
#### **Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statement 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Memorandum and Articles of Association of the company. 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 10 August 2011  
And signed on behalf of the board by

  
.....  
M D Pentland  
Chairman

## **The Aged Christian Friend Society of Scotland**

### **Independent Auditors' Report to the Members and Directors For the year ended 31 December 2010**

We have audited the financial statements of The Aged Christian Friend Society of Scotland for the year ended 31 December 2010 which comprise the Income and Expenditure Account, Statement of Financial Activities, Balance Sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made exclusively to the members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees 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 its members and trustees 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 Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Smaller Entities (Revised)".

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**The Aged Christian Friend Society of Scotland**

**Independent Auditors' Report to the Members and Directors (cont'd)  
For the year ended 31 December 2010**

**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 December 2010 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**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.

**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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records 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.

*Alan R Donaldson*

**Alan R Donaldson, Senior Statutory Auditor**

**For and on behalf of Scott-Moncrieff, Statutory Auditor**

**Chartered Accountants**

**Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006**

**Exchange Place 3**

**Seiple Street**

**Edinburgh**

**EH3 8BL**

*10 August*

*2011*



**The Aged Christian Friend Society of Scotland**

**Income and Expenditure Account  
For the year ended 31 December 2010**

	Note	2010 £	2009 £
<b>Income</b>			
Donations		1,195	720
Rents from land and buildings		171,208	174,837
Interest and dividends		43,858	45,768
Realised gains on investments		745	3,713
		<u>217,006</u>	<u>225,038</u>
<b>Expenditure</b>			
Investment management costs		6,420	6,680
Pensions	3	880	880
Cottage Home costs	4	222,297	152,602
Management and administration	5	35,580	83,471
Auditor's remuneration	6	2,098	2,086
		<u>267,275</u>	<u>245,719</u>
<b>(Deficit) for the year</b>		<u>(50,269)</u>	<u>(20,681)</u>

The notes on pages 10 to 15 form part of these financial statements

**The Aged Christian Friend Society of Scotland**  
**Statement of Financial Activities**  
**For the year ended 31 December 2010**

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Incoming Resources</b>			
Generated Funds			
Investment Income		43,858	45,768
Charitable Activities			
Rents		171,208	174,837
Donations		1,195	720
<b>Total Incoming Resources</b>		<u>216,261</u>	<u>221,325</u>
<b>Resources Expended</b>			
Cost of Generating Funds			
Investment management costs		6,420	6,680
Charitable Activities			
Pensions	3	880	880
Cottage Home costs	4	222,297	152,602
Management and administration	5	35,580	83,471
		<u>265,177</u>	<u>243,633</u>
Governance costs	6	2,098	2,086
		<u>267,275</u>	<u>245,719</u>
<b>Net Resources Expended for the year</b>		<u>(51,014)</u>	<u>(24,394)</u>
<b>Other Recognised Gains</b>			
Gains on investment assets			
Realised		745	3,713
Unrealised	9	113,940	137,035
<b>Net Movement in Funds</b>		63,671	116,354
Fund balances brought forward at 1 January 2010		<u>5,996,430</u>	<u>5,880,076</u>
<b>Fund balances carried forward at 31 December 2010</b>		<u>6,060,101</u>	<u>5,996,430</u>

The notes on pages 10 to 15 form part of these financial statements.

**Notes:**

All funds of the Society are unrestricted

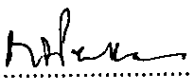
All the results of the Society relate to continuing activities

# The Aged Christian Friend Society of Scotland

## Balance Sheet As at 31 December 2010

	Note	2010 £	2009 £
<b>Fixed Assets</b>			
Heritable property	8	4,800,000	4,800,000
Other fixed assets	8	<u>28,490</u>	<u>33,518</u>
		<u>4,828,490</u>	<u>4,833,518</u>
<b>Fixed Asset Investments</b>			
Investments at market value	9	<u>1,183,964</u>	<u>1,073,683</u>
<b>Current Assets</b>			
Sundry Debtors	10	16,961	6,664
Cash at bank		57,061	110,829
Cash in hand		555	464
		<u>74,577</u>	<u>117,957</u>
<b>Creditors</b>			
Amounts falling due within one year	11	21,045	26,252
Tenants Deposits		<u>5,885</u>	<u>2,476</u>
		<u>26,930</u>	<u>28,728</u>
<b>Net Current Assets</b>		47,647	89,229
<b>Net Assets</b>		<u>6,060,101</u>	<u>5,996,430</u>
<b>Represented by:</b>			
Unrestricted funds		<u>6,060,101</u>	<u>5,996,430</u>

The financial statements were authorised for issue by the Board on 10 August 2011 and signed on behalf of the board by

  
 .....  
 M D Pentland  
 Chairman

The notes on pages 10 to 15 form part of these financial statements

## **The Aged Christian Friend Society of Scotland**

### **Notes to the Financial Statements For the year ended 31 December 2010**

#### **1. Accounting Policies**

##### **a) Basis of Accounting**

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, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice - Accounting and Reporting by Charities 2005.

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.

##### **b) Incoming Resources**

Income from investments, rent, donations and legacies is credited to the income and expenditure account in the year which it is receivable.

##### **c) Resources Expended**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis.

Where possible, expenditure has been charged direct to cost of raising funds, charitable expenditure or governance costs. Where this is not possible the expenditure has been allocated on the basis of time spend by staff on each activity.

Cost of generating funds consist of investment management fees.  
Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

##### **d) VAT**

The Society is not registered for VAT and accordingly expenditure includes VAT where appropriate.

##### **e) Fixed Assets and Depreciation**

All fixed assets are initially recorded at cost.

The Society's policy is to capitalise all fixed assets with a value greater than £500.

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

Depreciation is not provided on heritable properties. This treatment is a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view.

## The Aged Christian Friend Society of Scotland

### Notes to the Financial Statements (cont'd) For the year ended 31 December 2010

#### 1. Accounting Policies (cont'd)

##### f) Staff Pension Scheme

The charitable society contributes to a defined benefit pension scheme. This scheme is a multi employer scheme. The charitable society is unable to identify its share of the schemes assets and liabilities and thus, under FRS17, has accounted for the scheme as a defined contribution scheme.

Contributions to the scheme are charged to the Statement of Financial Activities in the year in which they become payable.

##### g) Investments

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.

##### h) Heritable property

Heritable properties are included in the balance sheet at their open market value, revalued once every five years.

#### 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. Pensions

Pensions continued to be paid at the rate of £220 per annum. There were 4 (2009: 4) pensions totalling £880 (2009: £880).

#### 4. Cottage Homes costs

	2010 £	2009 £
Rates and Insurance	16,086	14,172
Telephone	1,685	1,810
Garden Upkeep	226	1,032
Staff Salaries	65,089	62,561
Other Staff Costs	1,204	6,269
Heat & Light	29,311	29,547
Property Upkeep and Repairs & Cleaning	102,143	24,340
Depreciation	5,028	5,914
Miscellaneous Expenses	218	1,011
Loss on disposal of furniture etc	-	5,946
Care Commission Registration	1,307	-
	<u>222,297</u>	<u>152,602</u>

**The Aged Christian Friend Society of Scotland**

**Notes to the Financial Statements (cont'd)  
For the year ended 31 December 2010**

**5. Management and administration costs**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Secretaries' fees and expenses	32,858	74,515
Advertising, printing and stationery	536	347
Miscellaneous expenses	2,186	1,609
Property Valuation fee	-	7,000
	<u>35,580</u>	<u>83,471</u>

**6. Governance costs**

Audit fees	<u>2,098</u>	<u>2,086</u>
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**7. Staff Numbers and Costs**

The average number of employees during the year was 3 (2009: 3) and the total cost of their remuneration was £65,089 (2009: £62,561) as detailed below:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Wages and salaries	54,116	52,149
Social security costs	4,320	4,063
Pension costs	6,653	6,349
	<u>65,089</u>	<u>62,561</u>

No employee, in either year, received emoluments of more than £60,000.

**8. Fixed Assets**

**Heritable Property**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Valuation at 31 December 2009 and 31 December 2010	<u>4,800,000</u>	<u>4,800,000</u>
Historical cost at 31 December 2010 and 31 December 09	<u>2,459,995</u>	<u>2,459,995</u>

The properties were valued on 31 December 2008 by Mark Atkinson BA MRICS.

**The Aged Christian Friend Society of Scotland**

**Notes to the Financial Statements (cont'd)  
For the year ended 31 December 2010**

**8. Fixed Assets (cont'd)**

	<b>Plant &amp; Equipment £</b>	<b>Furniture £</b>	<b>Total £</b>
<b>Cost</b>			
Cost bfwd at 31 Dec 09	40,224	2,484	42,708
Additions during year	-	-	-
Disposals during year	-	-	-
Cost cfwd at 31 Dec 10	<u>40,224</u>	<u>2,484</u>	<u>42,708</u>
<b>Depreciation</b>			
Depreciation bfwd at 31 Dec 09	7,791	1,399	9,190
Depreciation charge for year	4,865	163	5,028
Cost cfwd at 31 Dec 10	<u>12,656</u>	<u>1,562</u>	<u>14,218</u>
<b>Net Book Value</b>			
As at 31 December 2010	<u>27,568</u>	<u>922</u>	<u>28,490</u>
As at 31 December 2009	<u>32,433</u>	<u>1,085</u>	<u>33,518</u>

**9. Investments**

	<b>Listed in the UK 2010 £</b>	<b>Listed in the UK 2009 £</b>
Opening market value at 31 Dec 09	1,073,683	889,249
Acquisitions at cost	54,142	342,959
Disposals at open market value (proceeds £58,546, gains £745)	(57,801)	(295,560)
Unrealised gains at 31 Dec 10	113,940	137,035
Market value at 31 Dec 10	<u>1,183,964</u>	<u>1,073,683</u>
Historical costs at 31 Dec 10	<u>611,497</u>	<u>588,535</u>

**The Aged Christian Friend Society of Scotland**

**Notes to the Financial Statements (cont'd)**  
**For the year ended 31 December 2010**

**9. Investments (cont'd)**

The breakdown of the portfolio is as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
UK Quoted investments:		
Fixed and variable interest	163,076	163,964
Equities	984,813	893,341
Unit Trusts	36,075	16,378
	<u>1,183,964</u>	<u>1,073,683</u>

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

Prudential plc	9,000 £0.05 ordinary shares
Royal Dutch Shell plc	5,171 €0.07 'B' ordinary shares (UK listed)
Mercantile Investment	6,000 25p ordinary shares

**10. Debtors**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Other debtors	15,303	6,626
Prepayments	1,658	38
	<u>16,961</u>	<u>6,664</u>

**11. Creditors**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Sundry creditors	878	-
Accruals and deferred income	18,977	26,252
Social security and other taxes	1,190	-
	<u>21,045</u>	<u>26,252</u>

**12. Indemnity Insurance**

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

Public Liability	£2m
Professional Indemnity	£1m



## **The Aged Christian Friend Society of Scotland**

### **Notes to the Financial Statements (cont'd)**

**For the year ended 31 December 2010**

#### **13. Directors' Remuneration**

The directors received no remuneration or reimbursement of expenses. (2009: nil).

#### **14. Staff Pension Commitments (as provided by SFHA)**

The Aged Christian Friend Society participates in the SFHA Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension Scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer at the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

#### **15. Contingent Liability**

The Aged Christian Friend Society has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for The Aged Christian Friend Society was £170,956.

The Directors confirm that the Society has no intentions of withdrawing from the scheme.