

**THE AGED CHRISTIAN FRIEND  
SOCIETY OF SCOTLAND**

**DIRECTORS' ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

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**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015**

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**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Directors' Annual Report**

**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 Scotland, but its principal activity is the provision of sheltered housing at the Colinton Cottage Homes, Colinton, Edinburgh.

**Grant Making Policy**

Grants are given in the form of pensions. These are distributed half-yearly to the two remaining long-standing pensioners at the rate of £220 per annum. Additionally, the directors appointed Elizabeth Finn Care (trading name Turn2us) in 2012 to identify further individuals who are resident in Scotland and who are aged over 65. The sums of £250 per annum each are now paid to 8 individuals.

**Achievements and Performance**

This has been another very satisfactory year for the Society. I would like to record the Board's appreciation for the hard work of our new manager at Colinton Cottage Homes, John Buchanan, who joined us at the beginning of April. John and his team helped ensure that the Cottage Homes remains a happy and friendly place in which to live. I would also like to thank my fellow directors for their continued assistance and support over the last twelve months.

Following consultation between the Board, the manager, representatives of the Care Inspectorate and legal teams acting on behalf of the Aged Christian Friend Society of Scotland and the Care Inspectorate the Board took the decision to voluntarily cancel Colinton Cottage Homes' registration as a Housing Support Service with the Care Inspectorate. This took effect from 30<sup>th</sup> November, 2015. It was agreed by all parties that the Housing Support criteria was not applicable to Colinton Cottage Homes which acts as a retirement housing provider and does not fully conform to the requirements of a Health and Social Care Service Provider. There will be no change to the existing level and quality of service provided by our staff at Colinton Cottage Homes.

2015 was a busy year for the tenants of Colinton Cottage Homes. The Social Committee organised a range of outings and social events throughout the year as well as running the Bridge Club, Whist Club and Keep Fit group. Tenants also enjoyed a variety of other activities including card making, knitting, sewing, line dancing and a haggis drive!

The New Year was welcomed in with the tenants New Year's Day party, followed in February by Pancake Tuesday. The "Daffodil Walk" took place in April and later in the month tenants enjoyed a very informative talk and slideshow given by a fellow tenant about her life and work in Borneo. In June George Watson's College entertained tenants with their summer production of "Guys & Dolls" followed by afternoon tea and the tenants also had a successful trip to Dunfermline. There was a "Strawberry Afternoon Tea" in July and a trip to Floors Castle in September while the Colinton Guides put on a musical evening for tenants in the hall.

The Social Committee organised a Fish Tea and Social Evening in November and the tenants went on a trip to Livingston for Christmas shopping in December. There was the usual excellent turn out for the Directors' Christmas Lunch, followed by a Christmas party hosted by the staff with the festivities rounded off by a Christmas Extravaganza performance given by the Social Committee. Finally I would like to thank the two local churches, Colinton Parish Church and St Cuthbert's Church for their pastoral support to our tenants throughout the year.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Directors' Annual Report (cont'd)**

Elsewhere, I can also report the Society continues to provide a number of individuals who meet our eligibility criteria with annual payments of £220 or £250 which, while small, will help those in need make ends meet. My thanks to the staff of Turn2us who on behalf of the Society carry out the identification and assessment of potential applicants and the payment of most of these awards.

Turning to the financial situation, total incoming resources increased from £275,516 to £285,251 in 2015, reflecting satisfactory growth in rental income as a result of fewer vacancies and an increase in investment income. Again there was heavy expenditure on the cottages, on property upkeep, repairs and renovations from £64,418 in 2014 to £78,966 in 2015. This remains a significant figure and reflects the Board's determination to maintain the cottages at a high standard. There is a net surplus for the year of £34,666 before other gains and losses compared to a net surplus before other gains and losses of £78,616 in 2014.

The Balance Sheet as at 31 December 2015 remains in a strong position with net assets having increased by £35,870 to £6,522,539. The market value of the Society's investments increased from £1,318,943 to £1,324,915.

Investment performance is measured against set benchmarks. The Directors are satisfied with the performance against the benchmarks and review this regularly.

Throughout the year, day to day Secretarial and Treasurer duties of the Society are carried out by our Secretaries and Treasurers, Johnston Smillie Ltd, and I would like to record our appreciation of the work of David Miller and his colleagues do on behalf of the Society.

**Financial Review**

The Society had an operating surplus of £20,081 for the year (2014: £32,845). After accounting for an unrealised gain on investments of £14,585 (2014: realised loss of £13,103 and an unrealised gain of £58,874), there was a net surplus of £34,666 (2014: £78,616).

The market value of the investments at the year-end was £1,324,915 (2014: £1,318,943).

It should be noted that the Defined benefit pension scheme liability has been included in the balance sheet for the first time as a result of accounting in accordance with SORP 2015 FRS102. The liability is £99,464 in 2015 (£106,308 in the restated 2014 balance sheet).

The funds are all unrestricted and they showed an increase from £6,486,669 to £6,522,539 as a result of the operating surplus and investment gains.

**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.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Directors' Annual Report (cont'd)**

**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 Rathbone Investment Management during the year as investment advisers. The investment policy is designed to produce growth in both capital and income with a medium risk profile. The directors additionally engaged the services of Spence & Partners as advisers in the matter of staff pensions.

**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.

**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 in Scotland 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 quarterly 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 day to day running of the Homes, and regarding the fabric of the buildings. The remuneration of the manager is set by the Directors as part of an annual review process.

At the AGM on 9 September 2015, Paul Davies and Lindsay Robertson, having retired by rotation, were re-elected. It was also resolved that Hilary Peppiette and Gwen Baird, having been appointed since the last AGM, would retire and both were re-elected.

One resignation has been received since the year end. Maurice Houston resigned on the 31.5.2016.

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.

**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.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Directors' Annual Report**

**Reference and Administration Information**

Company Registration no:	SC238297
Scottish Charity Number	SC016247
Registered Office, Secretaries and Treasurers	Johnston Smillie Ltd Chartered Accountants 6 Redheughs Rigg Edinburgh EH12 9DQ
Directors	Mr Alan J Black (Chairman) Ms Hilary Peppiette Dr Kenneth Sutherland Mrs Margaret Baxendine Revd Maurice Houston (resigned 31.5.2016) Mr Paul Davies Mrs Lindsay Robertson Mr Jason Rust Mrs Gwen Baird (appointed 18.2.2015)
Manager	Mr John Buchanan
Auditor	Scott-Moncrieff Chartered Accountants Exchange Place 3 Semple Street Edinburgh EH3 8BL
Bankers	Bank of Scotland plc PO Box 1000 BX2 1LB
Solicitors	Balfour + Manson 54-66 Frederick Street Edinburgh EH2 1LS
Investment Advisors	Rathbone Investment Management Ltd 28 St Andrew Square Edinburgh EH2 1AF

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Directors' Annual Report (cont'd)**

**Disclosure of Information to Auditor**

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 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 the information.

**Small Company Exemptions**

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**Statement of Directors' Responsibilities**

The directors (who are also trustees for the purposes of charity law) are responsible for preparing the Directors' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 incoming resources and application of resources, including the income and expenditure of the Society for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 (as amended) 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.....17.8.16.....  
And signed on behalf of the board by



Alan J Black  
Chairman

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Independent Auditor's Report to the Members and Directors**

We have audited the financial statements of The Aged Christian Friend Society of Scotland for the year ended 31 December 2015 which comprise the Statement of Financial Activities (including Income and Expenditure account), Balance Sheet, Statement of Cash Flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of part 16 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 5, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeprivate](http://www.frc.org.uk/auditscopeprivate).

**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 2015 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).



**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Independent Auditor's Report to the Members and Directors (cont'd)**

**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; or
- the directors were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

*Scott - Moncrieff*

**Michael Harkness, 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  
Sempole Street  
Edinburgh  
EH3 8BL**

Date.....*17 August 2016*.....

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Statement of Financial Activities  
(Including Income & Expenditure Account)**

	<b>Note</b>	<b>Total Funds 2015 £</b>	<b>Total Funds 2014 £</b>
<b>Income and Endowments from:</b>			
Donations and legacies	4	5,275	6,400
Charitable activities	5	234,268	225,223
Investments	6	<u>45,708</u>	<u>43,893</u>
<b>Total</b>		<u>285,251</u>	<u>275,516</u>
<b>Expenditure on:</b>			
Raising funds	7	8,787	8,828
Charitable activities	7	253,825	229,843
Other	7	<u>2,558</u>	<u>4,000</u>
<b>Total</b>		<u>265,170</u>	<u>242,671</u>
Net gains on investments		14,585	45,771
<b>Net income</b>		<u>34,666</u>	<u>78,616</u>
<b>Other recognised gains/(losses):</b>			
Actuarial gains/(losses) on defined benefit pension scheme	17	1,204	(7,000)
<b>Net movement in funds</b>		<u>35,870</u>	<u>71,616</u>
<b>Reconciliation of funds:</b>			
Total funds brought forward	1b	6,486,669	6,415,053
Total funds carried forward	20	<u>6,522,539</u>	<u>6,486,669</u>

The notes on pages 11 to 22 form part of these financial statements.

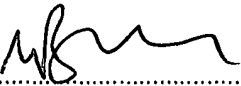
All funds of the Society are unrestricted and all the results of the Society relate to continuing activities.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Balance Sheet  
As at 31 December 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
<b>Fixed Assets</b>			
Heritable property	11	5,200,000	5,200,000
Other fixed assets	11	<u>18,755</u>	<u>17,768</u>
		<u>5,218,755</u>	<u>5,217,768</u>
<b>Fixed Asset Investments</b>			
Investments at market value	12	<u>1,324,915</u>	<u>1,318,943</u>
<b>Current Assets</b>			
Sundry Debtors	13	9,652	9,179
Cash at bank		86,095	59,915
Cash in hand		<u>531</u>	<u>620</u>
		<u>96,278</u>	<u>69,714</u>
<b>Creditors</b>			
Amounts falling due within one year	14	<u>17,945</u>	<u>13,448</u>
<b>Net Current Assets</b>		<u>78,333</u>	<u>56,266</u>
<b>Total Assets less current liabilities</b>		6,622,003	6,592,977
Defined benefit pension scheme liability	17	<u>99,464</u>	<u>106,308</u>
<b>Net Assets</b>		<u>6,522,539</u>	<u>6,486,669</u>
<b>Represented by:</b>			
Unrestricted funds	20	<u>6,522,539</u>	<u>6,486,669</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the Board on the 17<sup>th</sup> August 2016 and signed on behalf of the board by;

  
..... Alan J Black  
Chairman

The notes on pages 11 to 22 form part of these financial statements.

Registered Company Number: SC238297

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Statement of Cash Flows**

	<b>Note</b>	<b>Total Funds 2015 £</b>	<b>Total Funds 2014 £</b>
<b>Cash flows from operating activities:</b>			
<b>Net cash (used in)/provided by operating activities</b>	21	<u>(23,933)</u>	<u>(18,586)</u>
<b>Cash flows from investing activities:</b>			
Interest and dividends		45,708	43,893
Proceeds from sale of investments		58,645	154,319
Purchase of investments		(36,697)	(167,030)
Purchase of Property, Plant and Equipment		<u>(4,297)</u>	<u>(1,019)</u>
<b>Net cash provided by investing activities</b>		<u>63,359</u>	<u>30,163</u>
<b>Change in cash and cash equivalents in the year</b>		<u>39,426</u>	<u>11,577</u>
Cash and cash equivalents brought forward		<u>74,440</u>	<u>62,863</u>
Cash and cash equivalents carried forward	22	<u>113,866</u>	<u>74,440</u>

The notes on pages 11 to 22 form part of these accounts.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Notes to the Financial Statements**

**1. Accounting Policies**

**a) Basis of Accounting**

The financial statements have been prepared under the historical costs convention with items recognised at cost or transaction value unless otherwise stated in the relevant note to these accounts. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standards applicable in UK and Republic of Ireland (FRS102) – (Charities SORP (FRS 102), the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Charity constitutes a public benefit entity as defined by FRS102.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

**b) Reconciliation with previous Generally Accepted Accounting Practice**

Before 2014 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" and the Companies Act 2006 and referred to below as "previous UK GAAP". The financial effects of the transition to FRS 102 are set out below.

These financial statements for the year ended 31 December 2015 are the Company's first financial statements that comply with the FRS 102. The Company's date of transition to FRS 102 is 1 January 2014. The Company's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 December 2014.

In preparing the financial statements the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. Restatements were required as a result of accounting for the Defined benefit pension scheme liability and including the cash held in investments as part of investments rather than in debtors. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income.

**The Aged Christian Friend Society of Scotland**  
**For the Year Ended 31 December 2015**  
**Notes to the Financial Statements (cont'd)**

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

**b) Reconciliation with previous Generally Accepted Accounting Practice (cont'd)**

Reconciliation of reported net income:	£
Net income as previously stated	29,845
Adjustment for gains on investments shown as a component of net income	45,771
Reallocation of pension deficit contributions	7,000
Interest on unwinding of pension discount	(4,000)
	<u>78,616</u>
2014 Net income as restated	<u>78,616</u>

At the date of transition in applying the requirement to recognise the pension deficit contributions payable in respect of the multi-employer pension scheme accounted for as a defined contribution scheme as a liability in the accounts, the net present value of the deficit contributions payable was recognised.

In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided:

	<b>1 January 2014</b>
	£
Total Funds as previously stated	6,517,361
Recognition of provision for pension deficit	(102,308)
	<u>6,415,053</u>
Fund balance as restated	
	<b>31 December 2014</b>
	£
Total funds as previously stated	6,592,977
Unwinding of discount factor (interest expense)	(4,000)
Deficit contribution paid in the year	7,000
Re-measurement	(7,000)
Recognition of provision for pension deficit	(102,308)
	<u>6,486,669</u>
Fund balance as restated	

**c) Incoming Resources**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends and interest which are measured at fair value, generally the transaction value. These are included when receivable and the amount can be measured reliably.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Notes to the Financial Statements (cont'd)**

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

**d) Debtors**

Short term debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

**e) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balance with banks and cash balance with investment manager and are measured at fair value.

**f) Resources Expended**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. They are recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the investment management fee
- Expenditure on charitable activities which include all support and governance costs. The charity considers that they have only one charitable activity and therefore no allocation of support costs is required.
- Other expenditure represents the interest on the unwinding of the pension deficit discount.

**g) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**h) Financial assets and financial liabilities**

Financial instruments are recognised in the statements of financial activities when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial asset are derecognised when the contractual rights to the cash flows from the asset expire, or when the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Notes to the Financial Statements (cont'd)**

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

**i) VAT**

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

**j) Fixed Assets and Depreciation**

All fixed assets are initially recorded at cost. Cost includes costs directly attributable to making the asset capable of operating as intended.

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.

**k) Staff Pension Scheme**

The charitable society contributed to a defined benefit pension scheme until 30 September 2013. 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 FRS 102, has accounted for the scheme as a defined contribution scheme. Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.



**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Notes to the Financial Statements (cont'd)**

**l) Staff Pension Scheme (cont'd)**

As this is a multi-employer scheme which provides benefits to some 155 non-associated employers the directors consider it highly improbable that such a liability will ever fall to the Society.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in note 17. The unwinding of the discount rate is recognised as a finance cost.

From 1 October 2013, the Society contributes to a defined contribution multi-employer pension scheme. Contributions to the scheme are charged to the Statement of Financial Activities in the year in which they become payable.

**m) Investments**

Investments within the accounts are recognised at fair value which in this case is 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 with the exception of the shares in Edinburgh Crematorium Ltd which are unquoted.

**n) 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 to two remaining long-standing pensioners. Following the appointment in 2012 of Elizabeth Finn Care to identify new pensioners, eight individuals are now being paid the sum of £250 per annum each.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Notes to the Financial Statements (cont'd)**

	<b>Unrestricted Funds 2015 £</b>	<b>Total Funds 2015 £</b>	<b>Total Funds 2014 £</b>
<b>Analysis of Income</b>			
<b>4. Donations and legacies</b>			
Donations	<u>5,275</u>	<u>5,275</u>	<u>6,400</u>
<b>5. Income from Charitable Activities</b>			
Rents and charges	<u>234,268</u>	<u>234,268</u>	<u>225,223</u>
<b>6. Investment Income</b>			
Dividends and interest	<u>45,708</u>	<u>45,708</u>	<u>43,893</u>
<b>Total</b>	<u><u>285,251</u></u>	<u><u>285,251</u></u>	<u><u>275,516</u></u>
<b>7. Analysis of Expenditure</b>			
<b>Raising Funds</b>			
Investment management costs	<u>8,787</u>	<u>8,787</u>	<u>8,828</u>
<b>Cost of Charitable Activities</b>			
Remuneration costs	69,903	69,903	66,840
Garden upkeep	1,525	1,525	450
Property upkeep, repairs and cleaning	78,966	78,966	64,418
Telephone & computer costs	7,918	7,918	3,155
Heat, light & power	33,872	33,872	32,783
Rates and insurance	13,534	13,534	15,293
Depreciation	3,310	3,310	3,136
Pension granted	2,565	2,565	2,815
Printing, postage & stationery	2,277	2,277	1,716
Secretarial fees and expenses	31,470	31,470	30,554
Care Inspectorate Registration	-	-	676
Training	-	-	1,000
Sundries	2,932	2,932	2,519
Audit fee	3,444	3,444	3,382
Professional fees	<u>2,109</u>	<u>2,109</u>	<u>1,106</u>
	<u>253,825</u>	<u>253,825</u>	<u>229,843</u>
<b>Other</b>			
Interest on unwinding of pension discount	<u>2,558</u>	<u>2,558</u>	<u>4,000</u>
<b>Total</b>	<u><u>265,170</u></u>	<u><u>265,170</u></u>	<u><u>242,671</u></u>

All expenditure relates to the one charitable activity of the society, that of relieving the needs of the elderly.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Notes to the Financial Statements (cont'd)**

**8. Audit and Accountancy Fees**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Audit Fees	<u>3,444</u>	<u>3,382</u>

No other services have been provided by the auditor during the year (2014: none).

**9. Staff Numbers and Costs**

The average number of staff employed during the year was 3 (2014: 4) and the total cost of their remuneration was £78,102 including contributions to the pension deficit and the holiday pay accrual. (2014: £77,465) as detailed below:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and Salaries	63,710	63,354
Social Security Costs	3,213	2,981
Employer's Pension Contributions	<u>11,179</u>	<u>11,130</u>
	<u>78,102</u>	<u>77,465</u>

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

The directors consider the manager to be "key management personnel". The manager's remuneration was £24,217 which included employer's pension contributions of £433.

**10. Related Party Transactions**

The directors received no remuneration or reimbursement of expenses (2014: £nil).

**11. Fixed Assets**

<b>Heritable Property</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Valuation at 31 December 2015 and 31 December 2014	<u>5,200,000</u>	<u>5,200,000</u>
Historical cost at 31 December 2015 and 31 December 2014	<u>2,459,995</u>	<u>2,459,995</u>

The properties were valued on 31 December 2013 by Mark Atkinson BA MRICS. This resulted in a revaluation surplus of £400,000. In line with the policy on fixed assets, the property is revalued every five years and has therefore not been revalued in the year to 31 December 2015.

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Notes to the Financial Statements (cont'd)**

**11. Fixed Assets (Cont'd)**

**Tangible fixed assets**

	<b>Plant £</b>	<b>Fixtures £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2015	41,118	5,795	46,913
Additions	4,297	-	4,297
At 31 December 2015	<u>45,415</u>	<u>5,795</u>	<u>51,210</u>
<b>Depreciation</b>			
At 1 January 2015	26,270	2,875	29,145
Charge for the year	2,872	438	3,310
At 31 December 2015	<u>29,142</u>	<u>3,313</u>	<u>32,455</u>
<b>Net book value</b>			
At 31 December 2015	<u>16,273</u>	<u>2,482</u>	<u>18,755</u>
At 31 December 2014	<u>14,848</u>	<u>2,920</u>	<u>17,768</u>

**12. Investments**

	<b>2015 £</b>	<b>2014 £</b>
Market value, excluding cash, at 31 Dec 14 and 31 Dec 13	1,305,038	1,246,556
Acquisitions at cost	36,697	167,030
Disposals at open market value	(59,205)	(167,422)
Unrealised gains at 31 Dec 15 and 31 Dec 14	<u>15,145</u>	<u>58,874</u>
Market value, excluding cash, at 31 Dec 15 and 31 Dec 14	1,297,675	1,305,038
Cash	<u>27,240</u>	<u>13,905</u>
Market value at 31 Dec 15 and 31 Dec 14	<u>1,324,915</u>	<u>1,318,943</u>
Historical costs at 31 Dec 15 and 31 Dec 14	<u>720,949</u>	<u>743,219</u>

The breakdown of the portfolio is as follows:

	<b>2015 £</b>	<b>2014 £</b>
<b>UK Quoted Investments</b>		
Fair Value:		
Fixed and variable interest	126,195	155,311
Equities	917,936	943,088
Unit Trusts	151,076	108,590
	<u>1,195,207</u>	<u>1,206,989</u>
<b>UK Unquoted Investments</b>		
Fair Value	<u>102,468</u>	<u>98,049</u>
<b>Cash</b>	<u>27,240</u>	<u>13,905</u>
<b>Total</b>	<u>1,324,915</u>	<u>1,318,943</u>

**The Aged Christian Friend Society of Scotland  
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Notes to the Financial Statements (cont'd)**

**13. Debtors**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Other debtors	3,298	2,198
Prepayments and accrued income	6,354	6,981
	<u>9,652</u>	<u>9,179</u>

**14. Creditors**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Accruals and Deferred Income	16,693	12,109
Social Security and Other Taxes	1,252	1,339
	<u>17,945</u>	<u>13,448</u>

**15. Financial assets and liabilities**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Financial assets at amortised cost	4,171	3,219
Financial assets at fair value through Statement of Financial Activities	6,497,675	6,505,038
Financial liabilities at amortised cost	<u>(16,242)</u>	<u>(12,109)</u>
	<u>6,485,604</u>	<u>6,496,148</u>

Financial assets at amortised cost comprise of accrued income and other debtors, all due within one year.

Financial assets at fair value comprise of quoted and unquoted investments which are measured at market value at the year end and heritable property measured at open market value.

Financial liabilities comprise of accruals, all due within one year.

**16. 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  
For the Year Ended 31 December 2015  
Notes to the Financial Statements (cont'd)**

**17. Staff Pension Liability**

The Aged Christian Friend Society of Scotland participates in the Scottish Housing Association's Pension Scheme ('the Scheme'). This is a multi-employer scheme which provides benefits to some 155 non-associated employers. The Scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions (From 1 April 2014 to 30 September 2027):

£26,304,000 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	31 December 2015 £	31 December 2014 £
<b>Present value of provision</b>	<u>99,464</u>	<u>106,308</u>

**The Aged Christian Friend Society of Scotland  
For the Year Ended 31 December 2015  
Notes to the Financial Statements (cont'd)**

**17. Staff Pension Liability (cont'd)**

<b>Reconciliation of opening and closing provisions</b>	<b>Period Ending 31 December 2015 £</b>
Provision at start of period	106,308
Unwinding of the discount factor (interest expense)	2,558
Deficit contribution paid	(8,198)
Remeasurements - impact of any change in assumptions	(1,204)
Remeasurements - amendments to the contribution schedule	-
Provision at end of period	<u>99,464</u>

<b>Income and expenditure impact</b>	<b>Period Ending 31 December 2015 £</b>
Interest expense	2,558
Remeasurements - impact of any change in assumptions	(1,204)
Remeasurements - amendments to the contribution schedule	-
Contributions paid in respect of future service	-
Costs recognised in income and expenditure account	-

<b>Assumptions</b>	<b>31 December 2015 % per annum</b>	<b>31 December 2014 % per annum</b>
<b>Rate of discount</b>	<u>2.72</u>	<u>2.51</u>

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions

**18. Contingent Liability**

The Aged Christian Friend Society of Scotland has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Association's Pension Scheme based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt for The Aged Christian Friend Society of Scotland was £178,383 (2014: £213,237).

The Directors confirm that the Society has no intention of withdrawing from the scheme at this time; however, the Society has moved to the defined contribution scheme, provided by the Scottish Housing Association's Pension Scheme, as from 1 October 2013, thereby limiting employer obligations from that date to the amount of employer pension contributions.

**The Aged Christian Friend Society of Scotland  
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Notes to the Financial Statements (cont'd)**

**19. Analysis of Net Assets Between Funds**

	<b>General</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Fixed Assets	5,218,755	5,218,755
Investments	1,324,915	1,324,915
Current Assets	96,278	96,278
Current Liabilities	17,945	17,945
Long Term Liabilities	99,464	99,464
<b>Net Assets at 31 December 2015</b>	<b>6,522,539</b>	<b>6,522,539</b>

**20. Movements in Funds**

	<b>At 1 January 2015</b>	<b>Incoming Resources</b>	<b>Outgoing Resources</b>	<b>Transfers</b>	<b>Gains/ (Losses)</b>	<b>At 31 December 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Restated</b>					
General	6,486,669	285,251	265,170	-	15,789	6,522,539
	<u>6,486,669</u>	<u>285,251</u>	<u>265,170</u>	<u>-</u>	<u>15,789</u>	<u>6,522,539</u>

Purpose of Funds: All of the charity's funds are unrestricted and are used for the general purposes of the charity.

**21. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Net movement in funds	35,870	71,616
Add back depreciation charge	3,310	3,136
Deduct dividends and interest	(45,708)	(43,893)
Deduct gains/add back losses on investments	(14,585)	(15,771)
Decrease/(increase) in debtors	(473)	831
Increase/(decrease) in creditors	4,497	(8,505)
Increase/(decrease) in pension provision	(6,844)	4,000
Net cash used in operating activities	<u>(23,933)</u>	<u>(18,586)</u>

**22. Cash and Cash equivalents**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Cash in hand	531	620
Cash in bank	86,095	59,915
Cash held in investments	27,240	13,905
Total Cash and cash equivalents	<u>113,866</u>	<u>74,440</u>