

Giroscope Limited

Report and Financial Statements (incorporating the Annual Review)

For the year ended 31st December 2009

Registered Number: 02046356 (England & Wales)

Registered Charity Number: 1117457

Giroscope Limited

Financial Statements for the year ended 31st December 2009

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Giroscope Limited

Company Information

Management Committee

A. Brocklehurst
R. Amesbury
J.F. Clarke

Company Secretary

J.F. Clarke

Registered Office

Unit 3
23 Arthur Street
Hull
HU3 6BH

Registered Number

02046356 (England & Wales)

Registered Charity Number

1117457

Accountants

Sadofskys Chartered Accountants
Princes House
Wright Street
Hull
HU2 8HX

Principal Bankers

Triodos Bank
Brunel House
11 The Promenade
Bristol
BS8 3NN

Giroscope Limited

Report of the Management Committee

For the year ended 31st December 2009

The management committee present their report and the financial statements of the company for the year ended 31st December 2009.

A Message from the Acting Chairman

2009 has been a year of expansion and development for Giroscope. During the year we bought and renovated four new houses. We also purchased two more to be renovated in 2010. A seventh house was identified at the end of the year and an offer accepted.

The expansion was financed with a loan from our bank, Triodos and with a grant from the Tudor Trust. We also rescheduled our existing loan so that all our repayments are now over 25 years. This expansion which was devised with help from the Tudor Trust aims to make Giroscope financially sustainable into the future.

2009 saw a void rate among our property of nearly zero. The only occasion people moved was into new Giroscope properties from existing Giroscope properties. The voids these moves created were quickly filled. Two of our properties received new heating systems in the year leaving only one Giroscope property without central heating.

In August 2009 we received a grant from the government's Targeted Support Fund. This enabled us to take on a new employee on a six month contract. The post, Building Skills Supervisor, was filled by an experienced tradesperson Peter Hawley. His role is to organise and supervise unemployed people coming to us on work placements.

We continued to develop our Arthur Street Enterprise Park throughout the year. The yard has been extended and some improvements made to the building. We have started raising funds for Solar Thermal Heating for the main building incorporating a viewing platform.

In September we were nominated as a finalist in the Social Enterprise Yorkshire and Humber Awards. We have also started to organise events for our 25th Anniversary Celebrations next year. This will include a Black Tie Charity Dinner.

Our plans for 2010 are to continue to expand the organisation's housing stock. We are developing a new business plan to purchase and renovate 20 houses over the next three years. We will also consider any opportunities that arise to increase our non- residential property portfolio.

Giroscope Limited

Report of the Management Committee

For the year ended 31st December 2009

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 13th August 1986 and registered as a charity on 4th January 2008. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and Appointment of Management Committee

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Executive Committee. Under the requirements of the Memorandum and Articles of Association the members of the Management Committee will be elected to serve a period of three years after which they must be re-elected at the next Annual General Meeting. (Resolution of Annual General Meeting November 2006)

The Management Committee is made up of a mix of traditional business skills from their own particular area of responsibility. In an effort to maintain this broad skill mix and in the event of particular skills being lost due to retirements, individuals are approached to offer themselves for election to the Committee.

Trustee Induction and Training

All of our trustees are already familiar with the practical work of the charity and are encouraged to familiarise themselves with the staff and volunteers within the organisation.

Additionally, new trustees are invited and encouraged to attend an introductory meeting with the Chair of the Management Committee and familiarise themselves with the charity and the context within which it operates. This meeting covers:

- The obligations of Management Committee members
- The main documents which set out the operational framework for the charity including the Memorandum and Articles
- Resourcing and the current financial position as set out in the latest published accounts
- Future plans and objectives
- Charity Commission
- Company Law

A Trustees induction pack has also been prepared drawing information from the various Charity Commission publications signposted through the Commission's guide 'the Essential Trustee' as an 'aide memoir'. This is distributed to all new trustees along with the Memorandum and Articles and the latest financial statements.

Risk Management

The Management Committee and staff will hold a review of the major risks to which the charity is exposed. A risk register will be established and is visited on a regular basis. Where appropriate, systems or procedures have already been established to mitigate the risks the charity faces. Significant external risks to funding will lead to the development of a strategic plan which will allow for the diversification of funding. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of all staff, volunteers, clients and visitors to Giroscope.

Giroscope Limited

Report of the Management Committee

For the year ended 31st December 2009

Organisational Structure

Giroscope Limited has an Executive Committee of 3 members who meet quarterly and are responsible for the strategic direction and policy of the charity. At the end of the financial year the Management Committee had three members. These members are from a variety of backgrounds relevant to the work of the charity.

A scheme of delegation is in place and day to day responsibility for the provision of the services rests with the Co-ordinator. The Management Committee is responsible for ensuring that the charity pursues its Aims and Objectives as well as setting strategic policy. The Co-ordinator has responsibility for the individual supervision of the staff team and also ensuring that the team continue to develop their skills and working practices in line with good practice.

Objectives and Activities

The company's objects and principal activities were those of:

The purchasing, renovation and modernisation of housing in poor condition and the renting out of these houses to the unemployed and other disadvantaged groups in society.

The main objectives and activities for the year are covered in the Acting Chair's Message on page 2.

Achievements and Performance

Giroscope continued to invest in the maintenance and renovation of its properties. We continued to reduce our void rates and void times. We continued to see a rise in the demand for our service taking an average of ten calls a day from people seeking accommodation. We continued to develop our non residential property providing additional social business spaces at our Arthur Street property.

Giroscope Limited

Report of the Management Committee

For the year ended 31st December 2009

Financial Review

Additional funding opportunities were identified through The Hull and East Riding Charitable Trust, The Hull Targeted Support Fund, The Cattle Trust and The Tudor Trust. The Charity, with the aid of sound financial management and the support of its board and staff generated total grant funding of £83,422, with £45,654 specifically relating to capital projects and the remaining £37,768 being the income for the year for the ongoing activities of the charity.

Principal Funding Sources

The principal funding sources for the charity are the rents received from tenants, however the Management Committee and staff are continually seeking other sources of funding in respect of the renovation of properties.

Investment Policy

Aside from retaining a prudent amount in reserves each year most of the charity's funds are spent in the short term so there are few funds for the long term investment. Having considered the options available, the Management Committee has decided to invest the small amount that it has available in a high interest account.

Reserves Policy

The Management Committee will be examining the charity's requirements for reserves in light of the main risks to the organisation.

It will establish a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should not exceed 6 months of expenditure.

The reserves are needed to meet the working capital requirements of the charity and the Management Committee are confident that at this level they would be able to continue the current activities of the charity in the event of a significant drop in funding.

Plans for the Future

The charity plans to continue its activities outlined above in the forthcoming years subject to satisfactory funding arrangements. In addition, it will look to further develop ways and means of regenerating our neighbourhood and increase opportunities for the people living there.

Giroscope Limited

Report of the Management Committee

For the year ended 31st December 2009

Responsibilities of the Management Committee

Company law requires the management committee to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure for the financial year. In preparing those financial statements, the management committee should follow best practice and:

- select suitable policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue on that basis.

The management committee are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Management Committee is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Management Committee

Members of the Management Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant information of which the company's accountants are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant information and to establish that the charity's accountants are aware of that information.

Accountants

Sadofskys were re-appointed as the charitable company's accountants during the year and have expressed their willingness to continue in that capacity.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Management Committee on 17th February 2010 and signed on its behalf by:

J. F. Clarke
Company Secretary

Independent Examiner's Report to the Management Committee of

Giroscope Limited

For the year ended 31st December 2009

I report on the accounts of Giroscope Limited for the year ended 31st December 2009, which are set out on pages 8 to 16.

Respective responsibilities of trustees and examiner

The trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 43 (2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed. I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 43 of the 1993 Act;
- follow the procedures laid down in the General Directions given by the Charity Commissioners under section 43(7)(b) of the 1993 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and the seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that, in any material respect, the requirements
 - a) to keep accounting records in accordance with section 386 of the Companies Act 2006, and
 - b) to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) have not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

**Colin Knaggs F.C.A.
Sadofskys Chartered Accountants,
Princes House,
Wright Street,
Hull,
HU2 8HX**

Giroscope Limited

**Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31st
December 2009**

	Notes	Unrestricted Funds £	Restricted Funds £	2009 Total £	2008 Total £
<u>Incoming resources</u>					
Incoming resources from generated funds:					
<i>Activities for generating funds:</i>					
Rent received		112,463	-	112,463	83,010
Interest received		79	-	79	1,334
Incoming resources from charitable activities:					
Services payments and grants	3	60	37,708	37,768	30,463
Other income		<u>75</u>	<u>-</u>	<u>75</u>	<u>100</u>
Total incoming resources		<u>112,677</u>	<u>37,708</u>	<u>150,385</u>	<u>114,907</u>
<u>Resources expended</u>					
Charitable activities	4	74,612	13,681	88,293	89,050
Governance costs	5	<u>53,730</u>	<u>-</u>	<u>53,730</u>	<u>11,370</u>
Total resources expended		<u>128,342</u>	<u>13,681</u>	<u>142,023</u>	<u>100,420</u>
Net incoming resources before other recognised gains		<u>(15,665)</u>	<u>24,027</u>	<u>8,362</u>	<u>14,487</u>
Net movement in funds		(15,665)	24,027	8,362	14,487
Reconciliation of funds					
Total funds brought forward		<u>1,424,594</u>	<u>-</u>	<u>1,424,594</u>	<u>1,410,107</u>
Total funds carried forward		<u>1,408,929</u>	<u>24,027</u>	<u>1,432,956</u>	<u>1,424,594</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

Giroscope Limited (Registered number: 02046356)

Balance Sheet as at 31st December 2009

	Notes	£	2009 £	£	2008 £
Fixed assets					
Tangible assets	8		1,655,330		1,493,647
Current assets					
Debtors	9	-		238	
Cash at bank and in hand		<u>117,136</u>		<u>49,399</u>	
		117,136		49,637	
Creditors: amounts falling due within one year	10	<u>6,648</u>		<u>13,649</u>	
Net current assets/(liabilities)			<u>110,488</u>		<u>35,988</u>
			1,765,818		1,529,635
Creditors: amounts falling due after more than one year	11		<u>332,862</u>		<u>105,041</u>
Total assets less current liabilities			<u>1,432,956</u>		<u>1,424,594</u>
Funds					
Unrestricted funds - Revaluation reserve	13		1,243,080		1,243,080
Unrestricted funds - General funds	13		165,849		181,514
Restricted funds	14		<u>24,027</u>		<u>-</u>
Total members fund			<u>1,432,956</u>		<u>1,424,594</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st December 2009.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st December 2009 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Giroscope Limited (Registered number: 02046356)

Balance Sheet as at 31st December 2009 (Continued)

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the management committee on 17th February 2010 and signed on its behalf by the following directors:

J. F. Clarke

Giroscope Limited

Notes to the Financial Statements for year ended 31st December 2009

1. **Statement of accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and with the Accounting and Reporting by Charities: Statement of Recommended Practice (issued in March 2005).

Cash flow

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Income

Income represents all income received from the various sources.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Land and buildings	2% on cost
Plant and machinery etc.	at variable rates on reducing balance

Fund Accounting

Funds held by the charity are either:

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Unrestricted funds – these are funds, which can be used in accordance with the charitable objects at the discretion of the business.

2. **Income**

The company is funded mainly by rents received from tenants and grant funding in respect of the renovation and modernisation of properties.

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2009

3. **Incoming Resources from Charitable Activities**

	Unrestricted	Restricted	Total 2009	Total 2008
	£	£	£	£
<i>Grants Received:</i>				
Hull Community Investment Fund	-	-	-	7,931
Kingston Upon Hull City Council Skills Fund	-	-	-	3,640
Tudor Trust	-	4,346	4,346	10,000
National Lottery	-	-	-	8,892
Hull Targeted Support Fund	-	27,362	27,362	-
Cattle Trust	-	1,000	1,000	-
Hull and East Riding Charitable Trust	-	5,000	5,000	-
Donations Received	<u>60</u>	<u>-</u>	<u>60</u>	<u>-</u>
	<u>60</u>	<u>37,708</u>	<u>37,768</u>	<u>30,463</u>

4. **Resources expended - Charitable activities**

	Unrestricted	Restricted	Total 2009	Total 2008
	£	£	£	£
Sub contractors	15,915	-	15,915	12,432
Repairs and renewals	3,213	-	3,213	2,884
Wages and salaries	36,538	13,681	50,219	51,146
Rates and water	3,224	-	3,224	1,682
Light and heat	1,593	-	1,593	2,183
Telephone	1,257	-	1,257	1,303
Postage, stationery and advertising	1,298	-	1,298	956
Motor expenses	3,923	-	3,923	3,063
Insurance	5,683	-	5,683	5,306
Sundry expenses	785	-	785	4,045
Training	<u>1,183</u>	<u>-</u>	<u>1,183</u>	<u>4,050</u>
	<u>74,612</u>	<u>13,681</u>	<u>88,293</u>	<u>89,050</u>

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2009

5.	Resources expended - Governance costs	Unrestricted	Restricted	Total 2009	Total 2008
		£	£	£	£
	Accountancy fees	2,938	-	2,938	1,952
	Professional fees	4,659	-	4,659	1,855
	Bank charges	2,652	-	2,652	349
	Credit card charges and interest	4	-	4	24
	Bank loan interest	5,814	-	5,814	7,747
	Depreciation of fixed assets	37,663	-	37,663	33,443
	(Profit)/Loss on disposal of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,000)</u>
		<u>53,730</u>	<u>-</u>	<u>53,730</u>	<u>11,370</u>

6.	Net Incoming Resources for the Year	2009	2008
	This is stated after charging:	£	£
	Depreciation of owned assets	37,663	33,443
	(Profit)/Loss on disposal of fixed assets	<u>-</u>	<u>(34,000)</u>

7.	Information on directors and employees	2009	2008
		£	£
	Staff costs		
	Gross wages	46,621	47,752
	Employers NI	<u>3,598</u>	<u>3,394</u>
		<u>50,219</u>	<u>51,146</u>

	The average number of employees during the year was made up as follows:	2009	2008
	Directors	3	3
	Other	<u>3</u>	<u>4</u>
		<u>6</u>	<u>7</u>

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

No directors' remuneration was paid during the period nor during the period ended 31st December 2008.

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2009

8. **Tangible fixed assets**

	Freehold Property £	Plant and Machinery etc £	Total £
Cost:			
As at 1 st January 2009	1,621,350	27,395	1,648,745
Additions	199,346	-	199,346
Disposals	-	-	-
	1,820,696	27,395	1,848,091
Depreciation:			
As at 1 st January 2009	135,527	19,571	155,098
Charge for the year	36,414	1,249	37,663
	171,941	20,820	192,761
Net book value:			
As at 31 st December 2009	1,648,755	6,575	1,655,330
As at 31 st December 2008	1,485,823	7,824	1,493,647

Cost or valuation at 31st December 2009 is represented by:

	Freehold Property £	Plant and Machinery etc £	Total £
Valuation in 2007	1,203,463	-	1,203,463
Cost	617,233	27,395	644,628
	1,820,696	27,395	1,848,091

9. **Debtors**

	2009 £	2008 £
Other debtors	-	238
	-	238

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2009

10. **Creditors:** amounts falling due within one year

	2009	2008
	£	£
Bank loans and overdrafts	-	9,337
Social security and other taxes	1,287	763
Other creditors	347	440
Credit card	2,076	981
Accrued expenses	2,938	2,128
	<u>6,648</u>	<u>13,649</u>

11. **Creditors:** amounts falling due after more than one year.

	2009	2008
	£	£
Bank loans	<u>332,862</u>	<u>105,041</u>

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

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	1,655,330	-	1,655,330
Current assets	103,455	13,681	117,136
Current liabilities	(6,648)	-	(6,648)
Long term liabilities	<u>(332,862)</u>	<u>-</u>	<u>(332,862)</u>
Net assets at 31 st December 2009	<u>1,419,275</u>	<u>13,681</u>	<u>1,432,956</u>

13. **Unrestricted Funds**

	Revaluation Reserve £	General Funds £	Total £
Balance as at 1 st January 2009	1,243,080	181,514	1,424,594
Deficit for the year	<u>-</u>	<u>(15,665)</u>	<u>(15,665)</u>
Balance as at 31 st December 2009	<u>1,243,080</u>	<u>165,849</u>	<u>1,408,929</u>

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2009

14. **Restricted Funds**

	Incoming Resources £	Total £
Balance as at 1 st January 2009	-	-
Surplus for the year	<u>24,027</u>	<u>24,027</u>
Balance as at 31 st December 2009	<u><u>24,027</u></u>	<u><u>24,027</u></u>

The general reserve represents the free funds of the charity, which are not for particular restricted purposes.

The incoming resources reserve represents the restricted funds of the charity, which are used to fund the specific projects and renovation costs as stated by the grant providers.

15. **Control**

In the opinion of the directors no one party controlled the company during the above periods.