

Registered Number: 02046356 (England & Wales)

Registered Charity Number: 1117457

Giroscope Limited

Report and Financial Statements (incorporating the Annual Review)

For the year ended 31st December 2008

Giroscope Limited

Financial Statements for the year ended 31st December 2008

Contents	Pages
Company Information	1
Report of the Management Committee	2-7
Accountants' Report	8
Statement of Financial Activities	9
Balance Sheet	10-11
Notes to the Financial Statements	12-16

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 2008

The management committee present their report and the financial statements of the company for the year ended 31st December 2008.

A Message from the Acting Chairman

2008 has largely been a year of consolidation for Giroscope. We have continued to upgrade our existing residential and commercial properties for the benefit of existing and future tenants. We end the year having reduced both void rates and times. We have also put in place an expansion plan to bring long term financial sustainability to the organisation. We did not purchase any new properties during the year.

We started the year by completing the sale of 4 Victoria Avenue, Wellsted Street, a property we considered no longer viable. At this time we had four properties empty. 46 Wellsted Street had just undergone renovation, 3 Raywood Villas was in the process of being renovated, 6 Wells Street had been vacated after a shooting incident and 5 Raywood Villas was awaiting a full renovation. The first two were filled in January. When the latter two were renovated they created two new voids as both were filled by existing Giroscope tenants. During this time 11 Raywood Villas became empty, but was immediately re-let.

After 5 and then 4 Raywood Villas were renovated and let we then entered a stable period with everyone staying put. Later in the year 15 Ruskin Street and then 8 Athletic Grove became empty. After a short period of work both were soon re-let. We finish the year with all properties let and most of our tenancies appearing stable.

In the summer we renovated and divided Unit 1 at our Arthur Street workshops. Half was let to Patrick, a baker, and Arthur, a wholefood producer. The other half was let as a storeroom for Nappy Nature and Creative Projects. This means that our space at Arthur Street is fully utilised, housing eight social enterprises.

During the year two of our properties (3 Raywood Villas and 5 Raywood Villas) received new central heating systems and two received new boilers (23 Arthur Street and Flat 1, 150 Boulevard). This work was carried out by Ian Hoodless (HPS), now established as our plumber. Ian also carried out all the gas safety checks on our properties.

Other contractors whom we used during the year were as follows: Stuart Proctor (ABCO), who continues to repair and renew our roofs and gutters; Brian Parkinson, who makes our new window frames; Steve, our rubbish removal man; A1 Cleaning Services, who unblock our drains and Jo and Gerry, two of our tenants who carry out gardening work for Giroscope.

Six of our properties had new kitchens installed during 2008. These were 15 Ruskin Street, 33 Gordon Street, 8 Athletic Grove, 36 Kings Bench Street, 4 Raywood Villas and 5 Raywood Villas. This work was carried out by Giroscope's Andy Holden. We also installed new timber, double glazed windows at the front of 1 Kings Bench Street, 56 Kings Bench Street and 8 Athletic Grove.

In June we hosted a successful open day at our Arthur Street workshops. This was an opportunity for the different businesses to show themselves to the wider community. It also gave the local population a chance to see what goes on in our Arthur Street green business park. Attendance was good with an extended visit from our local MP Alan Johnson.

Giroscope Limited

Report of the Management Committee

For the year ended 31st December 2008

A Message from the Acting Chairman (ctd..)

In October we exhibited at 'FOOTSEY', the premier event for social enterprise in the Yorkshire and Humber region. The event was held at York Racecourse and there was a strong attendance from enterprises based at Arthur Street. Our cluster of stalls was organised by Humberside Co-operative Development Agency, themselves based at Arthur Street.

Over the course of the year we raised £30,643 in grants and donations. The figure breaks down as follows: Hull Community Investment Fund, £7,931, The National Lottery 'Awards for All', £8,892, Tudor Trust, £10,000, Kingston Upon Hull City Council Skills Fund, £3,640. All donations were greatly appreciated.

October saw the departure of our youngest worker Paul Firth. He had been with us a couple of years and during that time had trained to NVQ level 2 in painting and decorating. Paul was a very diligent member of the team and we wish him all the best for the future.

During the year the local authority introduced a new system for paying Housing Benefit. This affects about a half of our tenancies. The new system is called Local Housing Allowance and means that the rent is no longer paid direct to us. Although it has affected our cash flow during the changeover, we expect to be better off in the long run. John Wood, our Housing officer, has been overseeing the changeover to the new system.

As of October 2008 we are required to have Energy Performance Certificates for all our new tenancies. These give a measure of the energy use and efficiency of each property and are valid for ten years. Rather than pay an outside contractor to do this work Giroscope has trained its coordinator Martin Newman to carry out these assessments.

Near the end of the year we received the completed tenant satisfaction survey. This piece of work has been carried out by Ros and Carolyn Kane, under the jurisdiction of University of Lincoln. The initial results look very positive although we await the final document. This has been carried out free of charge, and we are very grateful to the Kane sisters.

As we look to 2009 our main aim is to finally bring Giroscope into the position where it breaks even without any additional funding. We will of course continue to bring outside funding into the organisation to assist with new properties and projects. As property prices continue to fall we hope to make some purchases during 2009 to increase our housing and possibly our commercial stock. We will also begin planning for our 25th anniversary which falls in summer 2010.

Giroscope Limited

Report of the Management Committee

For the year ended 31st December 2008

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 2007. 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 2008

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 pages 2-3.

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 2008

Financial Review

Additional funding opportunities were identified through The Tudor Trust, Hull Community Investment Fund, The National Lottery and Kingston Upon Hull City Council Skills Fund. The Charity, with the aid of sound financial management and the support of its board and staff generated a total raised of £30,463.

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 2008

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 1985. 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 VII of the Companies Act 1985 relating to small entities.

Approved by the Management Committee on 19th February 2009 and signed on its behalf by:

J. F. Clarke
Company Secretary

Report of the Accountants to the Management Committee of

Giroscope Limited

For the year ended 31st December 2008

The accounts of the company for the year ended 31st December 2008 are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985

Having regard to, and on the basis of, the information in those accounting records, the accounts have been drawn up in a manner consistent with the provisions of the Act as specified in subsection (6) of section 249C, so far as applicable to the company.

Having regard only to, and on the basis of, the information in the accounting records, the company satisfied the requirements of section 249A(4) for the year ended 31st December 2008, and did not fall within section 249B(1)(a) to (f) at any time within the year.

Sadofskys,
Chartered Accountants,
Princes House,
Wright Street,
Hull.
HU2 8HX

Date: 5th March 2009

Giroscope Limited

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31st December 2008

	Notes	Unrestricted Funds £	Restricted Funds £	2008 Total £	2007 Total £
<u>Incoming resources</u>					
Incoming resources from generated funds:					
<i>Activities for generating funds:</i>					
Rent received		83,010	-	83,010	82,947
Interest received		1,334	-	1,334	419
Incoming resources from charitable activities:					
Services payments and grants	3	10,000	20,463	30,463	12,542
Other income		100	-	100	150
Total incoming resources		<u>94,444</u>	<u>20,463</u>	<u>114,907</u>	<u>96,058</u>
<u>Resources expended</u>					
Charitable activities	4	68,587	20,463	89,050	68,845
Governance costs	5	11,370	-	11,370	403
Total resources expended		<u>79,957</u>	<u>20,463</u>	<u>100,420</u>	<u>69,248</u>
Net incoming resources before other recognised gains		14,487	-	14,487	26,810
Other recognised gains					
Gain on revaluation of fixed assets		-	-	-	1,203,463
Net movement in funds		14,487	-	14,487	1,230,273
Reconciliation of funds					
Total funds brought forward		1,410,107	-	1,410,107	179,834
Total funds carried forward		<u>1,424,594</u>	-	<u>1,424,594</u>	<u>1,410,107</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

Balance Sheet as at 31st December 2008

	Notes	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	8		1,493,647		1,512,340
Current assets					
Debtors	9	238		460	
Cash at bank and in hand		<u>49,399</u>		<u>26,033</u>	
		49,637		26,493	
Creditors: amounts falling due within one year	10	<u>13,649</u>		<u>13,310</u>	
Net current assets/(liabilities)			<u>35,988</u>		<u>13,183</u>
			1,529,635		1,525,523
Creditors: amounts falling due after more than one year	11		<u>105,041</u>		<u>115,416</u>
Total assets less current liabilities			<u>1,424,594</u>		<u>1,410,107</u>
Funds					
Unrestricted funds - Revaluation reserve	13		1,243,080		1,243,080
Unrestricted funds - General funds	13		181,514		167,027
Restricted funds	14		<u>-</u>		<u>-</u>
Total members fund			<u>1,424,594</u>		<u>1,410,107</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31st March 2008.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st March 2008 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 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 Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

Giroscope Limited

Balance Sheet as at 31st December 2008 (ctd..)

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the management committee on 19th February 2009 and signed on its behalf by the following directors:

J. F. Clarke

Giroscope Limited

Notes to the Financial Statements for year ended 31st December 2008

1. **Statement of accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005.

Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standards 1 – “Cash flow statements”.

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.

3. **Incoming Resources from Charitable Activities**

	Unrestricted	Restricted	Total 2008	Total 2007
	£	£	£	£
<i>Grants Received:</i>				
Hull Community Investment Fund	-	7,931	7,931	5,542
Kingston Upon Hull City Council Skills Fund	-	3,640	3,640	-
Tudor Trust	10,000	-	10,000	-
National Lottery	-	8,892	8,892	-
Sir James Reckitt Charity	-	-	-	5,000
Grocers' Charity	-	-	-	2,000
	<u>10,000</u>	<u>20,463</u>	<u>30,463</u>	<u>12,542</u>

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2008

4. **Resources expended - Charitable activities**

	Unrestricted	Restricted	Total 2008	Total 2007
	£	£	£	£
Sub contractors	6,298	6,134	12,432	5,730
Repairs and renewals	2,884	-	2,884	2,615
Wages and salaries	41,004	10,142	51,146	43,465
Rates and water	1,682	-	1,682	980
Light and heat	2,183	-	2,183	2,276
Telephone	1,303	-	1,303	1,310
Postage, stationery and advertising	931	25	956	548
Motor expenses	2,989	74	3,063	3,404
Insurance	5,306	-	5,306	5,367
Sundry expenses	4,007	38	4,045	3,150
Training	-	4,050	4,050	-
	<u>68,587</u>	<u>20,463</u>	<u>89,050</u>	<u>68,845</u>

5. **Resources expended - Governance costs**

	Unrestricted	Restricted	Total 2008	Total 2007
	£	£	£	£
Accountancy fees	1,952	-	1,952	2,794
Professional fees	1,855	-	1,855	6,655
Bank charges	349	-	349	2,444
Credit card charges and interest	24	-	24	130
Bank loan interest	7,747	-	7,747	8,767
Depreciation of fixed assets	33,443	-	33,443	10,114
(Profit)/Loss on disposal of fixed assets	<u>(34,000)</u>	-	<u>(34,000)</u>	<u>(30,500)</u>
	<u>11,370</u>	-	<u>11,370</u>	<u>403</u>

6. **Net Incoming Resources for the Year**

	2008 £	2007 £
This is stated after charging:		
Depreciation of owned assets	33,443	10,114
(Profit)/Loss on disposal of fixed assets	<u>(34,000)</u>	<u>(30,500)</u>

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2008

7. **Information on directors and employees**

	2008	2007
	£	£
Staff costs		
Gross wages	47,752	40,842
Employers NI	<u>3,394</u>	<u>2,623</u>
	<u>51,146</u>	<u>43,465</u>

The average number of employees during the year was made up as follows:

	2008	2007
Directors	3	3
Other	<u>4</u>	<u>4</u>
	<u>7</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 2007.

8. **Tangible fixed assets**

	Freehold Property £	Plant and Machinery etc £	Total £
Cost:			
As at 1 st January 2008	1,628,920	25,895	1,654,815
Additions	13,250	1,500	14,750
Disposals	<u>(58,165)</u>	<u>-</u>	<u>(20,820)</u>
As at 31 st December 2008	<u>1,621,350</u>	<u>27,395</u>	<u>1,648,745</u>
Depreciation:			
As at 1 st January 2008	123,920	18,555	142,475
Charge for the year	32,427	1,016	33,443
Eliminated on disposals	<u>(20,820)</u>	<u>-</u>	<u>(20,820)</u>
As at 31 st December 2008	<u>135,527</u>	<u>19,571</u>	<u>155,098</u>
Net book value:			
As at 31 st December 2008	<u>1,485,823</u>	<u>7,824</u>	<u>1,493,647</u>
As at 31 st December 2007	<u>1,505,000</u>	<u>7,340</u>	<u>1,512,340</u>

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2008

8. **Tangible fixed assets (ctd..)**

Cost or valuation at 31st December 2008 is represented by:

	Freehold Property £	Plant and Machinery etc £	Total £
Valuation in 2007	1,203,463	-	1,203,463
Cost	<u>417,887</u>	<u>27,395</u>	<u>445,282</u>
	<u>1,621,350</u>	<u>27,395</u>	<u>1,648,745</u>

9. **Debtors**

	2008 £	2007 £
Other debtors	238	460
	<u>238</u>	<u>460</u>

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

	2008 £	2007 £
Bank loans and overdrafts	9,337	8,682
Social security and other taxes	763	905
Other creditors	440	400
Credit card	981	973
Accrued expenses	2,128	2,350
	<u>13,649</u>	<u>13,310</u>

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

	2008 £	2007 £
Bank loans	<u>105,041</u>	<u>115,416</u>

Giroscope Limited

Notes to the Financial Statements for the year ended 31st December 2008

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

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	1,493,647	-	1,493,647
Current assets	49,637	-	49,637
Current liabilities	(13,649)	-	(13,649)
Long term liabilities	<u>(105,041)</u>	<u>-</u>	<u>(105,041)</u>
Net assets at 31 st December 2008	<u>1,424,594</u>	<u>-</u>	<u>1,424,594</u>

13. **Unrestricted Funds**

	Revaluation Reserve £	General Funds £	Total £
Balance as at 1 st January 2008	1,243,080	167,027	1,410,107
Surplus for the year	<u>-</u>	<u>14,487</u>	<u>14,487</u>
Balance as at 31 st December 2008	<u>1,243,080</u>	<u>181,514</u>	<u>1,424,594</u>

14. **Restricted Funds**

	Incoming Resources £	Total £
Balance as at 1 st January 2008	-	-
Surplus for the year	<u>-</u>	<u>-</u>
Balance as at 31 st December 2008	<u>-</u>	<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.