



**EXECUTIVE BOARD REPORT &
FINANCIAL STATEMENTS**

31 MARCH 2010

Recognised Charity No. SC003159
Company No. SC116745

Contents

	Page
Chairman's Report	2
Chief Executive's Report	3 - 4
Trustees Report	
• About ELCAP	5 - 7
• Our work in 2009-10	8 - 11
• Our plans for 2010-11	11
Financial Review	
• Corporate Governance	12-15
• Independent Auditor's Report	16-18
• Statement of Financial Activities	19
• Balance Sheet	20
• Cash Flow statement	21
• Notes to the financial statements	22-33
Trustees & Advisors	34

CHAIRMAN'S REPORT 2009 - 2010

This is my first report as Chair of ELCAP. In taking over from Iain Gray (August 2009) I have an extremely hard act to follow – Iain was an excellent Chair both in the Board's meetings and behind the scenes. I would like on behalf of ELCAP and the Board to thank Iain again for his contribution to ELCAP's success and his continuing interest and support.

I need also to thank all of the Board for their hard work over the year – the Board meetings are always lively and effective and most of that is down to the active contributions of every Board member each time we meet. The support of the senior staff – Linda, Jackie and Danny – is vital and much appreciated by the Board, as are the enthusiasm and energy of all the staff of ELCAP everyday in supporting the people ELCAP exists to serve. All the staff deserve the highest praise for their willingness to support the changes that have had to be made.

This year has been difficult for everyone and this had been evident in the challenges faced by ELCAP and other providers in the sector – providing personalised services in an environment of central and local authority budget pressures is very difficult. Many of the changes made to the way ELCAP works have been because of these pressures, and this is only likely to get more difficult in the coming years. Luckily in East Lothian there has been some effective partnership working between ELCAP and East Lothian Council which means that the challenges that would have come through compulsory tendering of all services have been avoided. The fact that the council really listened to service user's concerns is praiseworthy – the ELCAP Advisory Council did great work in making their views known in a very effective way.

Moving forwards, ELCAP continues to review the way in which it works and make improvements. The recent report from Diversity Matters was not only a ringing endorsement of the principles and practice to which we work, but also a challenge to us not to be complacent. The Board has an away-day planned to look at the report in detail, and understand its' implications for next year's workplan in taking forward the personalisation agenda on which ELCAP is founded.

So finally – yes a difficult year, but one in which ELCAP, its staff and the people for whom it provides services has continued to move forward and deliver effective services. The many stories of how people's lives are changing and flourishing through our support are testimony to this effectiveness.



Paul Dickens
Chair

CHIEF EXECUTIVE'S REPORT 2009 – 10

This year ELCAP celebrates its 21st birthday. Although the road travelled since 1989 has been full of twists, turns and cul-de-sacs, the general direction has been consistently towards services that promote individuality, autonomy and citizenship. This 'north star' has guided us through many squalls and has proved particularly useful in the last few years. It has allowed the Board to agree a plan of action to make services more affordable by making them more person-centred and inclusive. Government policy emphasising personalisation and self-directed support has helped but so, ironically, has financial constraint, by making us find simpler and cheaper ways of doing things. This theme looks set to continue for some time to come.

Last year's report closed on a note of caution that we could only balance our budget if we managed to put a number of changes in place to cut our costs and at the same time maintain our level of income. Survival, we said, was high on the list of objectives for 2009-10.

Dealing with the internal change programme plus the external contract negotiations with purchasers while remaining on course with the personalisation agenda made for a busy year. The changes resulted in a slimmed down headquarters and operational management structure, the closure of all sub-offices and changes to staff terms and conditions. Sadly, this did mean that a few staff were made redundant and many staff, at all levels and in every department, agreed to pay cuts now or in the future. It is a great tribute to the staff group that they supported these changes in order to protect front line services to people and the majority of jobs.


These changes put ELCAP in a better position from which to tender for new contracts. We emerged as one of the four successful voluntary sector bidders in the Edinburgh housing support tender but the entire tender was cancelled because of flaws in the process and the number of people opting into direct payments, so no contracts were awarded. East Lothian Council (ELC), thankfully, chose a different route to achieve 'Best Value' contracts. After a year of consultations with people who use services, their families and their support providers, ELC completed its service review and ELCAP was offered a three year contract. ELCAP's Advisory Council (members who also use services) took every opportunity offered them by the Council to question, challenge and inform Council members and officials. The development of the Advisory Council into a powerful voice for the people who use ELCAP's services was one of the highlights of the year. Midlothian plans to carry out a similar 'Best value' review in 2010. ELCAP needs to sustain its level of business in order to match income and expenditure. This seems more achievable now that ELCAP has proved itself to be a Best Value provider in Edinburgh and East Lothian, and has the future stability of a 3 year contract in East Lothian.

Other highlights included the World Café which brought together people who use the service, family members, staff, Board members and other friends and supporters of ELCAP to provide feedback on what we do and help set the direction for what ELCAP should do in future. Again, the Advisory Council played a major role, setting the themes for the day, co-chairing the day and making a major contribution to the proceedings. The views expressed on the day confirmed that people want fulfilling lives and the opportunity to be active citizens making a contribution to their community. They agreed that ELCAP is getting better at giving people a service personal to them, responsive to their needs and wishes. They want us to do more of this and to make sure it is available to everyone, not just those who can speak up for themselves.

Formal feedback about our services came from Care Commission inspection reports, which produced grades of 6 (excellent) for quality of staffing and 5 (very good) for quality of service. An external evaluation conducted by Diversity Matters reported on 'very good quality support ...and a strong positive regard for the person supported', and gave us some useful pointers for future development. A copy of their summary presentation to the ELCAP Board can be found on the ELCAP website (www.elcap.org)

We ended the year with a small operating surplus (£62,389) but due largely to the revaluation of the pension liability, over which we have no control, the accounts show an overall deficit of £1.35m. The operating result is better than budget and demonstrates the success of the negotiated changes in readying the organisation for a period in which 'Best Value' will be more important than ever.

In the coming year we intend to stay on track with the personalisation agenda, continue to improve the service we give to the people we work for and improve also the value we deliver to our purchasers, both direct payment holders and Council contract managers.



Linda Headland
Chief Executive

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2010.

ELCAP's Purpose

ELCAP exists to assist people, disadvantaged by circumstances such as disability, illness or age, to live their chosen lives and does this by providing individually tailored support. It also works to promote the values of inclusion, individualisation and diversity. This is described in our founding documents as:

- To provide services for people who require care and support in the activities of daily living, together with advice and assistance to others involved in their care.
- To promote and organise co-operation in the achievement of the above purposes and to that end to bring together representatives of statutory authorities and voluntary agencies engaged in the furtherance of any of the above purposes.

ELCAP's Services

We work with adults with support needs, and with families who have a child with support needs, to help each person achieve the maximum independence, pursue their interests and lead valued lives. In 2009-10 we supported a total of 185 adults and children, most of whom have learning disabilities, and some cases multiple disabilities.

We provide short breaks for adults who normally live in their family home. In 2009-10 we provided support to 23 individuals.

Corporate Governance

ELCAP is a registered company limited by guarantee, and a recognised charity. It is run by an Executive Board of 15 non-executive directors/trustees. One third retires annually at the AGM and may be re-elected two times more before having to stand down. Three of the places on the Board are reserved for members who also use ELCAP services. Those Board members who also use ELCAP's services are supported in their role by a worker from People First Scotland.

ELCAP has an Advisory Council which is open to members who also use ELCAP's services. Its purpose is to advise the Board, to give a voice to the people who use ELCAP's services, and to nominate people from its own number to the three reserved places on the Board. The People First worker who supports service user Board members also supports the members of the Advisory Council and facilitates meetings of people thinking of joining the Advisory Council.

To assist it in checking that the organisation has safe and effective systems of control in place, the Board has established the Audit Committee as a standing committee. All members of this committee are members of the Board, and the Board determines its remit and membership. The Board monitors the likely impact of the loss of any of its members and recruits, to specifications that identify what specific strengths and skills the Board requires, through open recruitment by national advertising and among existing members of the organisation. New directors/trustees receive an induction pack and from time to time briefing sessions are held in addition to Board business meetings. Board Awaydays are held twice a year, often with an external facilitator, to develop strategy or to address current strategic issues.

The Board delegates the day-to-day running of the organisation to the Chief Executive (Director), Linda Headland.

ELCAP as a good employer

ELCAP has been a recognised 'Investor in People' since 1996. ELCAP is an Equal Opportunities employer and has signed up to the 'Two Ticks – positive about disabled people' approach to staff recruitment.

Staff are consulted formally through the Joint Consultative Committee and informally through teams on e.g. the development of the annual Workplan. Feedback is also encouraged through the annual staff questionnaire. Everyone employed by ELCAP receives a copy of the annual Workplan and a copy of the quarterly newsletter (produced in-house by a service user led editorial group). Staff training for registerable qualifications has a high priority in ELCAP.

Where people who use ELCAP's services are employed e.g. in staff recruitment, training, administration or office cleaning, they receive payment appropriate to the work undertaken. Volunteers are reimbursed for out-of-pocket expenses.

Membership of the Board of Trustees since 1 April 2009 and a list of principal advisors are set out on page 34.

Directors' indemnity insurance

The company confirms that it has in place a Directors' and Officers' Liability insurance policy. This will be kept under review until the proposed amendment is made to the Charities and Trustee Investment (Scotland) Act 2005 by the Scottish Executive.¹

¹ The Public Services Reform (Scotland) Act 2010 amends the Charities and Trustee Investment (Scotland) Act 2005. One amendment has the effect of permitting charities to use charity funds to provide all their charity trustees with indemnity insurance. The commencement date for this change was not known at date of going to press with this report.

Statement of Executive Board responsibilities

The Executive Board (who are the directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Executive Board to prepare financial statements for each financial year. Under that law, the Executive Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Executive Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the net movement in funds of the company for that year. In preparing these financial statements, the Executive Board are required to:

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

The Executive Board are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

- there is no relevant information of which the company's auditors are unaware; and,
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

OUR WORK IN 2009 – 2010

ELCAP exists to support people challenged by disability, illness or age to live the lives they want to live. We do this by giving people the support they require, delivered in the way they want. We also work with others to promote the rights of people with support needs to live their lives as full citizens.

In 2009-10 our key services were:

Supported living (housing support and care at home)

Short breaks (residential respite)

Our objectives for our Supported Living services for the year were to:

- ❖ Monitor the implementation of the agreement with Castle Rock Edinvar (CRE) and support all ex-tenants of ELCAP to have their housing plans delivered.
 - *Two people moved house and three new people became tenants as a result of our agreement with CRE. Both organisations are pleased with progress and with the working of the agreement.*
- ❖ Co-operate with ELC's telecare plans as they affect the people supported by ELCAP
 - *Our analysis of the potential for the use of telecare in the support of people ELCAP works for was part of our contribution to ELC's work around procurement and contract review. It will help inform the Council's plans for 2010-11.*
- ❖ Extend and deepen the involvement of people who use ELCAP's services in all areas of our work
 - *ELCAP, supported by the ELCAP Trust, continued to fund People First to provide independent support to facilitate the development of the Advisory Council and its members on the ELCAP Executive Board.*

In the course of the year the Advisory Council held its own elections for Officer Bearers and for nominations to the ELCAP Board; Advisory Council members had several meetings with local authority officials around the issue of procurement and re-tendering, met with national politicians and with user representatives of other services; the Advisory Council chose the

themes for ELCAP's biennial stakeholder consultation (the World Café) and played a major part in planning and running the day.

Individually, people who use ELCAP's services have trained alongside ELCAP staff in preparation for recruitment, been involved in staff recruitment, staff training, staff appraisal and quality monitoring (through feedback to teams and managers, to Care Commission inspectors and to external evaluators from Diversity Matters).

- ❖ Complete the programme of training in 'Person centred thinking and working' as part of the move to self-directed support and self managing teams
 - *This training, which was started in 2008-09, covered most of the remaining staff teams during the year. Each team attended a training day with a six-month follow-up to monitor the outcome of each team's action plan using the tools covered in the training. This work continues on 2010-11.*
- ❖ Support people to live as full citizens by ensuring access to advice about rights, creating and/or supporting access to appropriate opportunities in education, work and leisure and to opportunities to become active in public life
 - *In the course of the year FAIR, commissioned by ELCAP, provided advice and support to users of ELCAP's services that resulted in £2595 additional benefits payments, £2000 in back payments of underpaid income support, housing benefit and some income support being restored, people being supported to apply for a higher rate of mobility, people being assisted to complete housing benefit applications and others being advised about the need to inform the benefits agency of their high level of savings.*

One person became a Lay Assessor with the Care Commission.

The Advisory Council became active in meetings with local and national politicians and in user representative work.

A number of people became involved in paid and voluntary work, college courses and in local groups and activities.

- ❖ Continue to provide high quality, value for money services and demonstrate how we assist local authorities to deliver their Single Outcome Agreement targets
 - *Our Care Commission grades improved in the year with our quality of staffing being graded 6 (excellent) and our quality of care and support being graded 5 (very good). Quality of management and leadership was not assessed in this year but had been graded 5 (very good) in 2008.*

We bid for new services in the City of Edinburgh Council tender for Care and Support services. We were told in October 2009 that we had been successful and would be awarded two contracts each for 1,000 hours a week of support. Due to a number of challenges to the process and the large numbers of people applying for direct payments to avoid having their support transferred to another provider, the tender process was cancelled in January 2010 and no contracts were awarded. However we had successfully demonstrated that we offered good quality, value for money support. This was confirmed by the competitive rate and quality we were able to offer East Lothian Council in the service review it conducted as part of its procurement process throughout 2009 and into 2010.

❖ Implement ELCAP's change plan in order to balance income and expenditure in coming years

- *The change plan had been agreed to bring expenditure into line with income, but it had been devised in such a way as to protect both the quality and the quantity of direct support services. Savings were identified first in non-staff expenditure, resulting in the closing of sub-offices and the cutting out of all non-essential activity. Next came savings in back office support services and operational management. A small number of posts were made redundant and changes to staff terms and conditions were agreed. Lastly, the nine-point pay scale for support staff was reduced to a three point scale, finishing at the old mid-point. Staff already earning beyond that point were given two years protection. All changes were negotiated with the staff through the Joint Consultative Committee. Throughout the process staff were kept informed through team meetings and a monthly newsletter delivered in all pay envelopes. By the end of the year all changes had been agreed and implemented. It is a great tribute to the staff group that they supported the proposed changes and saw the need to be as cost effective as possible in a period of financial uncertainty in order to protect front line services and jobs.*

Our objectives for our Short breaks Service for the year were to:

- ❖ Work with East Lothian and Midlothian Councils to re-provision service and close the service at Bridge Street since the building is no longer suitable
- *East Lothian Council, the main purchasing authority for this service, was still working on its plans for the re-provisioning of this service when the year came to a close. ELCAP's lease on the building from Castle Rock Edinvar housing association expires on 31 March 2011.*

- ❖ Work with families who use the current service to ensure a smooth and successful transition to whatever replacement service is provided
- *ELCAP made renewed offers to the local authority to help plan for the replacement of this service and for a smooth transition. To the best of our ability we kept families informed. In the meantime we continued to work to improve the service, which was graded 6 (excellent) by the Care Commission for everything except accommodation which was graded 5.*

OUR PLANS FOR 2010-11

In the closing months of 2009-10 the Board adopted a plan that set the direction for ELCAP's work until 2013. Over the next three years each team in ELCAP, in direct support and in business support, will work to personalise the service we offer to the people we work for and at the same time make that service more cost effective and affordable.

In 2010-11 in our supported living service, we will:

- Further personalise all direct support to deliver personal outcomes
- Continue to develop ways of involving people in planning, controlling and evaluating the services they use
- Continue to develop business support practices that further the personalisation of direct support
- Continue to make our services as cost effective as possible within a balanced budget
- Make information about our practices and about the cost and quality of our work readily available and accessible to people who use or may wish to use our services
- Continue to be a good employer

In 2010-11 in our short breaks/respite service, we will:

- Continue to work with East Lothian and Midlothian Councils to assist with planning and developing a service to replace the Bridge Street service since the building is no longer suitable, and to effect a planned transition and closure once a suitable date has been agreed.
- Continue to work with families who use the current service to ensure a smooth and successful transition to whatever replacement service is provided.
- Continue to work to maintain and improve the quality of the service given to those who use the current service in the meantime.

Financial Review for the year ended 31 March 2010

The Executive Board presents its report and financial statements for the year ended 31 March 2010.

Results for the year

ELCAP made an overall deficit of £1.35 million (2009 - £2.13 million deficit). ELCAP had expected to make a deficit due to re-organisation costs. However, most of this deficit is due to a further reduction in value on the defined benefit pension scheme of £1.28 million. Last year, the deficit was due to the loss on disposal of assets when ELCAP transferred its housing to Castlerock Edinvar Housing Association. Despite these deficits, ELCAP continues to hold funds of £1.04 million at 31 March 2010 and is pleased to report that its day to day operations, as shown in the operating fund, are in surplus.

Last year, the deficit on operating activities, relating to the delivery of supported living and respite services, was £232,388. This level of deficit which would have increased in 2010 was not sustainable. The Board re-organised to reduce costs during the year and is delighted to have achieved a small surplus of £62,389 on its operating activities this year. This represents 0.1% of income.

The surplus on designated funds was £29,589 (2009 - Surplus £167,143) and represents interest income of £8,159 generated on reserves, maintenance costs of £21,670 to be funded by the Property Management fund and training costs of £12,900 to be funded by the Change fund. A reduction in designated funds was expected but instead a surplus was generated due to a reduction in pension liability of £56,000. This £56,000 pension movement is a paper adjustment and not a cash surplus.

The net movement in funds is a reduction of £1.35 million. This is due to a large increase in the actuarial loss on the final salary pension scheme of £1.28 million. In addition, exceptional reorganisation costs of £168,202 were incurred when ELCAP re-organised to make its services more affordable. The re-organisation resulted in fewer operational managers, the closure of area offices and a reduction in head office support costs.

The significant movement in pensions each year is outwith the control of the Board and is based on actuarial assumptions. This concerns the Board since it can make a huge difference to the results of the organisation. This year the accounts have reduced in value by £1.28M. ELCAP has sufficient reserves to remain solvent despite this large pension deficit. The Board has however

reviewed its reserves policy in order to ensure that ELCAP will remain a viable going concern.

Risk & internal control

The Executive Board has conducted its own review of the major risks to which the charity is exposed and systems have been established to mitigate these risks. The Board reviews and discusses a risk map each quarter in order to highlight risks and decide what actions can be taken to mitigate the impact of risks. Internal risks are minimised by the implementation of policies and procedures. These procedures are periodically reviewed to ensure that they still meet the needs of the charity. The Board is supported in this by the work of the Audit Committee and by the externally appointed 'Internal Audit' function.

The largest risk currently faced by ELCAP and many other community care charities is the drive by Local Authorities to reduce contract values through new procurement policies. ELCAP is working hard to find new more affordable ways of working which still allow it to remain true to its purpose of providing person centred services.

Reserves

As a registered limited company and a registered charity, ELCAP is required to hold adequate funds to cover future expenditure requirements. The Board has reviewed the potential risks which may need to be met by reserves during the year, and has adjusted its reserves accordingly. The Board is committed to hold a considerable level of reserves since these must be sufficient to cover the volatile changes in the Pension Fund.

The reserves have reduced in value by £1.35 million this year. Most of this reduction is due to the £1.28 million actuarial loss on the defined benefit pension.

Of the fund balances at 31 March 2010, only the Operating Fund of £31,000 is available for ongoing operational activities.

Designated funds are funds which the Board has put aside for a specific purpose. The designated funds are the Property Equity Fund, Contingency Fund, the Change Fund, the Pension Fund, the Property Management Fund and the Property Buy-Back Fund.

The **Property Equity Fund** represents the book value of ELCAP headquarters office in Prestonpans.

ELCAP must be confident that it can continue to run services even through an unforeseen interruption to funding income, or meet the costs of an unpredictable crisis. The **Contingency Fund** exists for this purpose, and best practice would

require a fund equivalent to at least three months operating costs. ELCAP plans to increase this fund to equivalent to 4 months of operating costs in order to compensate for pension volatility and the large cessation value on its final salary pension scheme. This will ensure that ELCAP will remain solvent. The Contingency Fund presently stands at 82% of that level.

The **Change Fund** is available to fund the development of person-centred services. The Board expects the majority of this fund to be used over the next 3 years to :-

- Fund the advocacy support provided to the service users who sit on the ELCAP Board and to the Advisory Council (service users active in ELCAP)
- Fund a proposed project to create real work, education & leisure opportunities for its service users
- Fund training in person-centred working for all ELCAP staff
- Fund a peer review of its services in order to improve the quality of its work
- Fund the development of a quality monitoring system

The Change fund is not at its desired level but funds will be released from the Property Buy-back fund over the next few years and will be transferred to the Change Fund.

The **Pension Fund** represents the net pension asset or liability for the Lothian Pension Fund. This final salary scheme is now closed to new members. Additional disclosure on pensions has been included in the accounts as required by FRS17. ELCAP's share of assets of the Lothian Pension Fund is a deficit of £1.39 million (2009 - £170,000 deficit). This pension fund has changed in value by £1.28 million this year and has shown large swings in value each year. This pension liability is outwith the control of the Board. There is no requirement to pay this pension deficit – this is purely an accounting adjustment and more will be paid in pension contributions in years to come in order to reduce this deficit. The Board will monitor this potential liability closely.

A new fund called the **Property Buy-Back Fund** has been created. This represents the money paid to ELCAP at the date of the housing transfer. This money can only be released if CRE delivers on the agreed terms of the housing transfer. If the housing transfer does not provide the required housing options for current and new tenants, then ELCAP could require the return of the properties and CRE would be repaid the money in the Property Buy-Back Fund. A sum of £31,000 has been released during the year to reflect properties which will not be returned to ELCAP.

The **Property Management Fund** is a fund to maintain the headquarters office. External stonework and roof repairs were completed this year.

Investment policy

The Trustees have operated a policy of keeping available funds in interest bearing deposit accounts or in low risk investments. The Trustees have tried to balance the need for immediate funds and the need to maximise interest payments.

Relationships with other bodies

The company has service contracts with East Lothian Council and Midlothian Council for the provision of Housing Support services, Care at Home services to adults and children and respite services to adults, and with Edinburgh City Council for Care at Home services to adults and children. The contract with West Lothian Council for Care at Home services to adults and children ended during the year.

ELCAP has an agreement with Castlerock Edinvar Housing Association (CRE) to deliver 34 tenancies for current and future people who are supported by ELCAP. ELCAP & CRE meet regularly to review progress on developing individual housing options.

ELCAP is represented on a number of local and national bodies. ELCAP is a member of the ALTRUM group (a federation fostering creative organisations that are committed to diverse communities and citizenship for all) and also Community Care Providers Scotland.

Use of volunteers

We are grateful to our small number of volunteers who assist our service users in various different ways and also contribute to the smooth running of the office.

Independent auditors

A resolution to re-appoint Scott-Moncrieff will be proposed at the Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf on:

12th August 2010



..... **Secretary**
Linda Headland

Independent Auditor's Report to the Executive Board of ELCAP For the year ended 31 March 2010

We have audited the financial statements of ELCAP for the year ended 31 March 2010 which comprise Trustees' Report, Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made exclusively to the charitable company's 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. 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 auditors' 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 Executive Board and auditors

The responsibilities of the Executive Board for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Executive Board Responsibilities.

We have been appointed auditors under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you under those Acts.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been properly 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. We also report to you if, in our opinion, the information given in the Trustees' Report is consistent with those financial statements.

Independent Auditor's Report to the Executive Board of ELCAP - continued

In addition we report to you if, in our opinion, the charitable company has not kept adequate and proper accounting records, if the charitable company's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditor's Report to the Executive Board of ELCAP - continued

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2010 and of the its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly 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; and
- the information given in the Executive Board's Report is consistent with the financial statements.

Scott-Moncrieff

Gillian Donald

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

Semple Street

Edinburgh

EH3 8BL

12th August 2010

ELCAP

Statement of Financial Activities (Incorporating income and expenditure account) For the year ended 31 March 2010

	Notes	<i>Operating Fund 2010</i>	<i>Designated Funds 2010</i>	Total 2010	Total 2009
		£	£	£	£
Incoming resources					
From Charitable Activities					
Supported Living		6,046,572	-	6,046,572	6,157,591
Housing Provision		-	-	-	121,955
Respite Services		229,058	-	229,058	227,271
Other incoming resources		7,696	8,159	15,855	97,890
Total incoming resources		6,283,326	8,159	6,291,485	6,604,707
Resources expended					
Charitable Activities					
Supported Living	2 & 3	5,950,337	(21,430)	5,928,907	6,258,113
Housing Provision	2 & 3	-	-	-	87,411
Respite Services	2 & 3	217,197	-	217,197	216,328
Governance costs	2 & 3	53,403	-	53,403	73,556
Total resources expended		6,220,937	(21,430)	6,199,507	6,635,408
Net incoming/(outgoing) resources before transfers		62,389	29,589	91,978	(30,701)
Transfers between funds	10	(62,389)	62,389	-	-
Net incoming resources before other recognised gains & losses		-	91,978	91,978	(30,701)
Actuarial Loss on defined benefit pension scheme	13	-	(1,277,000)	(1,277,000)	(578,000)
Exceptional reorganisation costs	17	-	(168,202)	(168,202)	(1,516,648)
Net movement in funds		-	(1,353,224)	(1,353,224)	(2,125,349)
Fund Balances as at 31 March 2009		31,000	2,361,829	2,392,829	4,518,178
Fund Balances as at 31 March 2010		31,000	1,008,605	1,039,605	2,392,829

There were no acquired or discontinued activities during the year. All funds are unrestricted. The notes on page 22 to 33 form part of these financial statements


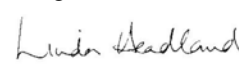
ELCAP

Balance Sheet

As at 31 March 2010

	Notes		Total 2010		Total 2009
		£	£	£	£
Fixed assets					
Tangible assets	7		77,934		85,607
Current assets					
Debtors	8	147,364		218,265	
Cash at bank and in hand		2,788,403		2,646,495	
Total Current assets		<u>2,935,767</u>		<u>2,864,760</u>	
Creditors: Amounts falling due within one year	9	(583,096)		(387,538)	
Net current assets			<u>2,352,671</u>		<u>2,477,222</u>
Total assets less current liabilities			2,430,605		2,562,829
Defined benefit pension scheme liability	13		<u>(1,391,000)</u>		<u>(170,000)</u>
Net assets including pension liability			1,039,605		2,392,829
Funds					
Unrestricted	10	31,000		31,000	
Designated		1,008,605		2,361,829	
Total Unrestricted			<u>1,039,605</u>		<u>2,392,829</u>

The financial statements were authorised for issue by the executive board on ...12th August 2010.....

and signed on its behalf by .....Director .....Secretary
Paul Dickens *Linda Headland*

The notes on pages 22 to 33 form part of these financial statements.

ELCAP

**Cash Flow Statement
For the year ended 31 March 2010**

	Notes	2010	2009
		£	£
Net cash inflow/(outflow) from operating activities	1	138,089	(184,754)
Returns on investments and servicing of finance			
Interest received		8,159	93,143
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		8,159	93,143
Capital expenditure			
Payments to acquire tangible fixed assets		(4,340)	(9,762)
Asset disposal costs		-	(89,427)
Sale proceeds from fixed assets		-	500,000
		<hr/>	<hr/>
Net cash (outflow)/inflow from investing activities		(4,340)	400,811
		<hr/>	<hr/>
Increase in cash	2	141,908	309,200
		<hr/> <hr/>	<hr/> <hr/>

Notes to the Cash Flow Statement

	£	£
1. Net cash inflow from operating activities after other recognised gains and losses		
Net movement in funds	(1,353,224)	(2,125,349)
Depreciation charge	12,013	12,910
Loss on disposal of tangible assets (NBV)	-	1,516,648
Reduction in pension deficit	(56,000)	(74,000)
Actuarial loss on pension deficit	1,277,000	578,000
Interest received (net)	(8,159)	(93,143)
Decrease in debtors	70,901	7,478
Increase/(Decrease) in creditors	195,558	(7,298)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	138,089	(184,754)
	<hr/> <hr/>	<hr/> <hr/>
2. Change in net liquid resources		
Net funds at 1 April 2009	2,646,495	2,337,295
Increase in cash	141,908	309,200
	<hr/>	<hr/>
Net funds at 31 March 2010	2,788,403	2,646,495
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 22 to 33 form part of these financial statements.

ELCAP

Notes to the Financial Statements

For the year ended 31 March 2010

1. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006.

The company has taken advantage of the exemption permitted in section 398 of the Companies Act 2006 and accordingly has not prepared group financial statements.

(b) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- The majority of income relates to local authority contracts and is recognised as the work is undertaken
- Investment income is included when receivable
- Revenue grants are recognised in the accounting period to which they relate and are matched to expenditure

(c) Resources expended

Expenditure is recognised when a legal or constructive obligation arises.

- Charitable activities include expenditure on staff salaries and staffing related costs such as training, occupational health and office accommodation. It includes both the direct costs and the support costs relating to these activities.
- Support costs include central functions which have been allocated to activities. Whenever possible, support costs are attributed to the activity to which they relate. The costs of functions which support more than one of the charity's activities have been allocated to those activities based on the income for each activity. Income is a reasonable guide to the level of support activity required from human resources, finance & IT services.
- Governance costs relate to the general running of the charity and include the operations of the Board and addressing constitutional, audit and other statutory matters.

(d) Depreciation of tangible fixed assets

Tangible fixed assets costing more than £500 are capitalised including any incidental expenses of acquisition. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Heritable buildings	50 years
Leasehold improvements	As per remaining number of years in lease
Furniture and furnishings	5 years
Office equipment (purchased after 1 April 2004)	3 years
Office equipment (purchased prior to 1 April 2004)	4 years

(e) Pensions

The company encourages employees to take up a pension scheme and pays contributions towards a number of schemes.

ELCAP

Notes to the Financial Statements – Accounting Policies continued

For the year ended 31 March 2010

Defined benefit schemes

The company contributes to two defined benefit pension schemes: Lothian Government Superannuation Scheme (LGSS) and the NHS Superannuation Scheme for Scotland (NHSS). Both schemes provide benefits based on final pensionable pay. The assets of the schemes are held separately by their administrators (LGSS - City of Edinburgh Council and NHSS - Scottish Public Pensions Agency) either with a mixture of insurance companies and managed funds (LGSS) or directly in gilts (NHSS).

The company operates a defined benefit scheme in respect of its employees. The assets of the scheme are held in external funds managed by professional investment managers.

In accordance with 'FRS 17 – Retirement benefits', the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Financial Activities. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between the actual and expected returns on assets during the year, including changes in the actuarial assumptions, are also recognised in the Statement of Financial Activities.

The NHSS scheme is a multi-employer scheme where the assets and liabilities applicable to each employer cannot be separately identified. It is therefore accounted for as a defined contribution scheme. Both the LGSS and NHSS are closed to new entrants.

Defined contribution schemes

There are two main schemes operating in the company: the Group Personal Pension Scheme, and other Personal Pensions set up by each employee independent of the company. Contributions to the schemes are charged to the income and expenditure account in the period in which contributions become payable.

(f) Operating lease commitments

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred.

(g) Funds structure

Unrestricted funds are available for use at the discretion of the trustees in the furtherance of the general objectives of the charity. Designated funds are unrestricted funds earmarked by the Board for specific activities and needs in the future. The Property Equity fund, Contingency, Start-Up, Change, Pension, Property Buy-Back and Property Management funds are all designated funds.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or funder. The Property Management fund was a restricted fund since rental income, mostly funded by housing benefit, was used to fund property refurbishment & maintenance. This restricted fund moved to designated funds in March 2009.

The Operating fund represents the accumulated surpluses and deficits in the Statement of Financial Activities, after transfers to/from the designated funds.

(h) Taxation

The company has charitable status and is therefore exempt from taxation under Section 505 of the Corporation Taxes Act 1968. The company is not registered for value added tax (VAT) and accordingly expenditure includes VAT where applicable.

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2010

2. Expenditure	Direct Costs £	Support Costs £	Total 2010 £	Total 2009 £
Supported Living	5,502,598	426,309	5,928,907	6,258,113
Housing Provision	-	-	-	87,411
Respite Services	198,874	18,323	217,197	216,328
Governance (Note 1c)	-	53,403	53,403	73,556
	<u>5,701,472</u>	<u>498,035</u>	<u>6,199,507</u>	<u>6,635,408</u>

3. Support Costs allocation	Supported Living £	Respite Services £	Governance £	Total 2010 £	Total 2009 £
Staff costs	391,435	16,307	26,422	434,164	315,282
General office costs	34,874	2,016	6,058	42,948	81,236
Internal & external Audit	-	-	10,000	10,000	20,842
Professional fees	-	-	10,923	10,923	22,034
	<u>426,309</u>	<u>18,323</u>	<u>53,403</u>	<u>498,035</u>	<u>439,394</u>

4. Net incoming/(outgoing) resources before transfers are stated after charging:	2010 £	2009 £
Depreciation of tangible fixed assets	12,013	12,910
Fees paid to auditors for external audit	6,387	6,347
Operating lease rentals:		
Land and buildings	33,196	39,199
Other	917	917
	<u>52,513</u>	<u>69,773</u>

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2010

5. Employees	2010	2009
The average weekly number of employees (whole time equivalents) was:		
Supported living	227	244
Respite service	6	7
Staff costs during the year amounted to:	2010	2009
	£	£
Wages and salaries	5,353,105	5,544,576
Social security costs	430,575	451,162
Other pension costs	259,405	176,685
	6,043,085	6,172,423
	6,043,085	6,172,423

Number of employees who received remuneration exceeding £60,000:

	2010	2009
Between £70,000 and £80,000:	1	1
Between £60,000 and £70,000:	1	-

None of the Executive Board members received any remuneration for their services as members of the Board but the Board members did receive the benefit of being covered by the Directors' and Officers' Liability insurance policy. Expenses for travel to attend board meetings totalled £808 (2009 - £301).

6. Related Parties

The Board made a policy decision to include service users on the Board of Trustees in order to influence the development of person centred services. Four people, who are Trustees, are also supported by ELCAP. The trustees are not remunerated as trustees.

The support contract for each of the four service-user Trustees and the relative of the one parent/ trustee is assessed independently of ELCAP by local authority care managers and is consistent with all other service users. The cash value of these services is not disclosed in accordance with section 229 of the code of practice issued by the Accounting Standards Board, which includes in 'Disclosures not required': (f) 'the provision of services to a related party (including a charity trustee or person connected with a charity trustee) where the related party receives the services as part of a wider beneficiary class, and on the same terms as other members of the class ...'

Drew Morris is an executive board member and a partner in the Edinburgh office of the company's solicitors, Anderson Strathern, who were paid £1,848 in the year for legal services provided by the solicitors on a normal commercial basis. Drew Morris does not directly work on any ELCAP business.

The trustees of the ELCAP Trust are also members of the Executive Board of ELCAP. During the year ELCAP paid £14,601 (2009: £1,357) of costs and received income of £225 (2009: £2,993) on behalf of the ELCAP Trust. All amounts received/paid by ELCAP were reclaimed/reimbursed by the ELCAP Trust during the year. At the year end no amounts were due to/from the ELCAP Trust (2009: £nil).

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2010

7. Tangible fixed assets

Cost or valuation	Heritable Land and Buildings £	Furniture & Furnishings £	Office Equipment £	Total £
At 1 April 2009	113,926	44,187	199,901	358,014
Additions	-	-	4,340	4,340
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	113,926	44,187	204,241	362,354
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2009	39,862	43,808	188,737	272,407
Charge for year	2,278	379	9,356	12,013
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	42,140	44,187	198,093	284,420
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2010	<u>71,786</u>	<u>-</u>	<u>6,148</u>	<u>77,934</u>
At 31 March 2009	<u>74,064</u>	<u>379</u>	<u>11,164</u>	<u>85,607</u>

There are no securities over the property.

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2010

8. Debtors

	2010	2009
	£	£
Trade debtors	145,391	195,730
Provision for doubtful debts	(13,497)	(11,056)
Prepayments and accrued income	14,408	30,333
Other debtors	1,062	3,258
	<hr/>	<hr/>
	147,364	218,265
	<hr/> <hr/>	<hr/> <hr/>

9. Creditors: Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	7,003	31,567
Tax and Social Security	138,735	148,572
Income in advance	6,148	14,795
Accruals and sundry creditors	431,210	192,604
	<hr/>	<hr/>
	583,096	387,538
	<hr/> <hr/>	<hr/> <hr/>

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2010

10. Operating and Designated Funds

	Balance at 1 April 2009	Incoming Resources	Resources Expended	Transfers	Gains and losses	Balance at 31 March 2010
	£	£	£	£	£	£
Property Equity	85,607	-	-	(7,673)	-	77,934
Contingency	1,650,200	8,159	-	48,392	-	1,706,751
Change	246,022	-	(181,102)	31,500	-	96,420
Pension	(170,000)	-	56,000	-	(1,277,000)	(1,391,000)
Property Buy Back	500,000	-	-	(31,500)	-	468,500
Property Management	50,000	-	(21,670)	21,670	-	50,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Designated	2,361,829	8,159	(146,772)	62,389	(1,277,000)	1,008,605
Operating Fund	31,000	6,283,326	(6,220,937)	(62,389)	-	31,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,392,829	6,291,485	(6,367,709)	-	(1,277,000)	1,039,605

The Property Equity Reserve represents the net book value of property owned by ELCAP. These funds are not available to meet ongoing revenue commitments.

The Contingency Reserve is for maintaining business operations in the event of a major contract termination or when unforeseen and substantial changes affect the normal business activities.

The Change Reserve is for funding the development of person centred services.

The Pension Reserve reflects the net pension asset or liability.

The Property Buy Back Reserve represents the money paid to ELCAP at the date of the housing transfer to Castle Rock Edinvar Housing Association (CRE). This money can only be released if CRE delivers on the agreed terms of the housing transfer. If the housing transfer does not provide the required housing options for current and new tenants, then ELCAP could require the return of the properties and CRE would be repaid the money in the Property Buy Back Reserve.

The Property Management Reserve is a fund to maintain the Headquarters office in Prestonpans.

The Operating Fund is available to fund the ongoing operational activities of ELCAP.

The transfers between reserves represent two movements in funds:

- (a) The Property Equity reserve is reduced by the net movement in property assets for the year. The Property Management reserve has been increased by the value of maintenance work during the year. The balancing value has increased the Contingency reserve in order to achieve no change in the Operating reserve.
- (b) The Property Buy-Back reserve has been reduced, according to the protocol agreement with Castle Rock Edinvar Housing Association, and the funds used to increase the Change reserve.

ELCAP

Notes to the Financial Statements – continued

For the year ended 31 March 2010

11. Analysis of net assets among funds

	Total Funds £	Operating Fund £	Designated Fund £
Tangible Fixed Assets	77,934	-	77,934
Net Current Assets	2,352,671	31,000	2,321,671
Defined Benefit Pension Scheme	(1,391,000)	-	(1,391,000)
As at 31 March 2010	1,039,605	31,000	1,008,605

12. Commitments

At 31 March 2010 the charitable company had annual commitments under non-cancellable operating leases as follows:

	2010		2009	
	Land & buildings £	Other Leases £	Land & buildings £	Other Leases £
Within one year	13,804	-	8,100	-
Between two and five years	-	-	13,968	2,607
Over five years	-	-	8,000	-
	13,804	-	30,068	2,607

13. Pension costs

Defined Benefit Schemes

LGSS

As explained in the Accounting Policies, ELCAP participates in a defined benefit pension scheme.

A valuation of the pension fund is carried out triennially; the most recent formal valuation of the fund was at 31 March 2008, by Hymans Robertson, independent actuaries. This valuation has been updated to 31 March 2010. Liabilities are valued on an actuarial basis using the projected unit method, which assess the future liabilities of the fund discounted to their present value.

ELCAP

Notes to the Financial Statements – continued

For the year ended 31 March 2010

The main assumptions used in the calculations are:

Assumptions as at	31 Mar 2010	31 Mar 2009
	% p.a.	% p.a.
Inflation / Pension Increase Rate	3.8%	3.1%
Salary Increase Rate	5.3%	4.6%
Expected Return on Assets	7.3%	6.6%
Discount Rate	5.5%	6.9%

In accordance with FRS17 the scheme assets at each year end are based on the bid price. The expected return on scheme assets assumption was determined as the average of the expected returns on the assets held by the scheme on the accounting date.

Mortality

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	20.8 years	24.1 years
Future Pensioners	22.3 years	25.7 years

Assets (Employer)	31 March 2010		31 March 2009	
	Long Term Return % p.a.	Assets £000	Long Term Return % p.a.	Assets £000
Equities	7.8%	3,267	7.0%	2,272
Bonds	5.0%	331	5.4%	316
Property	5.8%	372	4.9%	288
Cash	4.8%	165	4.0%	-
Total Market Value of Assets		4,135		2,876
Present Value of Scheme of Liabilities		5,526		3,046
Net Pension liability		(1,391)		(170)

Recognition in the SOFA:

Year Ended	31 March 2010		31 March 2009	
	£(000)	% of Pay	£(000)	% of Pay
Current service cost	91	11.4%	93	13.3%
Interest Cost	215	26.9%	233	33.3%
Expected Return on Employer Assets	(197)	(24.7%)	(268)	(38.3%)
Past Service Cost	21	2.6%	-	-
Losses on Curtailments and Settlements	49	6.1%	-	-
Total	179	22.3%	58	8.3%
Actual Return on Plan Assets	1,032		(640)	

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2010

Recognition of defined benefit obligation:

Year Ended:	31 March 2010 £(000)	31 March 2009 £(000)
Opening Defined Benefit Obligation	3,046	3,374
Current Service Cost	91	93
Interest Cost	215	233
Contributions by Members	48	42
Actuarial Losses/ (Gains)	2,112	(561)
Past Service Costs	21	-
Losses on Curtailments	49	-
Estimated Benefits Paid	(56)	(135)
Closing Defined Benefit Obligation	5,526	3,046

The estimated value of employer's contributions for the year to 31 March 2011 will be £169,000.

Reconciliation of fair value of employer assets

Year Ended:	31 March 2010 £(000)	31 March 2009 £(000)
Opening Fair Value of Employer Assets	2,876	3,708
Expected Return On Assets	197	268
Contributions by members	48	42
Contribution by Employer	235	132
Actuarial Gains/(Losses)	835	(1,139)
Benefits Paid	(56)	(135)
Closing Fair Value of Employer Assets	4,135	2,876

Amounts for the current and previous accounting periods

Year Ended:	31 March 2010 £(000)	31 March 2009 £(000)
Fair Value of Employer Assets	4,135	2,876
Present Value of Defined Benefit Obligation	(5,526)	(3,046)
Surplus/(Deficit)	(1,391)	(170)
Experience Gains/(Losses) on Assets	835	(1,139)
Experience Gains/(Losses) on Liabilities	-	202

Year Ended:	31 March 2008 £(000)	31 March 2007 £(000)	31 March 2006 £(000)
Fair Value of Employer Assets	3,708	3,626	3,180
Present Value of Defined Benefit Obligation	(3,374)	(3,885)	(3,890)
Surplus/(Deficit)	334	(259)	(710)
Experience Gains/(Losses) on Assets	(369)	21	492
Experience Gains/(Losses) on Liabilities	(2)	-	(111)

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2010

Amount Recognised in Statement of Financial Activities (SOFA)

Year Ended:	31 March 2010 £(000)	31 March 2009 £(000)
Actuarial Gains and Losses	(1,277)	(578)
Actuarial Gains/(Losses) recognised in SOFA	(1,277)	(578)
Cumulative Actuarial Gains and Losses	(1,110)	167

Year Ended:	31 March 2008 £(000)	31 March 2007 £(000)	31 March 2006 £(000)
Actuarial Gains and Losses	543	376	(174)
Actuarial Gains/(Losses) recognised in SOFA	543	376	(174)
Cumulative Actuarial Gains and Losses	745	202	(174)

Analysis of projected amount to be charged to SOFA for the year ended 31 March 2011

Year Ended:	31 March 2011	
	£(000)	% of pay
Projected Current Service Cost	169	22.9%
Interest on Obligation	308	41.6%
Expected Return on Plan Assets	(307)	(41.4%)
Past Service Cost	-	-
Total	170	23.1%

The pension charge for the period was £155,678 (2009 - £149,045). The contribution of the company was 20.8% (2009 - 18.9%). The employees' contribution has varied between 5.5% and 8.6% (2009 - 6%).

NHSS

Valuations are carried out every five years using the projected unit method. The most recent valuation was July 2008 for the period 1999/2004. The assumptions which had the most significant effect on the results of the valuation are those relating to rate of return on investments, rates of increase of salaries and pensions, increases in early retirements and reductions for deaths in service.

The pension charge for the period was £13,744 (2009 - £16,129). The contribution of the company was 13.5% (2009 - 14%). The employees contribution has varied between 5% and 6.5% (2009 - 5% and 6.5%).

Defined Contribution Schemes

Group Personal Pension Scheme

This is a money purchase scheme which no longer includes death in service benefit to new entrants. The company contributes on a matched basis to the employees to a maximum of 6%. Total contributions to this scheme were £12,048 (2009 - £9,221).

Outstanding contributions at the balance sheet date were £2,018 (2009 - £1,804).

Other Personal Pensions

The company contributes on a matched basis to the employees' contribution to a maximum of 6%. Total contributions to this scheme were £2,290 (2009 - £2,290).

Outstanding contributions at the balance sheet date were £437 (2009 - £437).

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2010

14. Membership	2010	2009
At 1 April 2009	121	124
New members	3	4
Resignations	(6)	(7)
	<hr/>	<hr/>
At 31 March 2010	118	121
	<hr/> <hr/>	<hr/> <hr/>

15. Company limited by guarantee

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the company in the event of its being wound up while they are a member or within one year after they cease to be a member of the company. At the balance sheet date there were 118 members. (2009 - 121 members).

16. Contingent liability

On 1 March 2009 ELCAP entered into a property transfer agreement with Castle Rock Edinvar Housing Association (CRE) whereby a number of its owned properties were transferred to CRE in return for access to tenancies and a cash payment of £500,000. The terms of the agreement state that should either party not meet certain criteria, as set out in the agreement, then either party could exercise their option to terminate the agreement before the end of the five year period ending 1 March 2014. If this should be the case, ELCAP would be required to repurchase the properties. During the year the tenants of two of the properties were issued with Secured Tenancy Agreements. Under the terms of the agreement these properties no longer fall within the agreement and should ELCAP be required to repurchase the remaining properties this would now result in a cash outflow of £468,500. ELCAP has set aside £468,500 in a property buy-back designated fund for this purpose. The Executive Board is currently of the opinion that both parties will meet the criteria set out in the agreement.

17. Re-organisation costs

During the year, ELCAP re-organised in order to make its services more affordable. This re-organisation included changes to staff terms and conditions, a new smaller management structure and the closure of area offices. The Board agreed to prioritise and protect the spend on direct support staff in order to protect the support to people who use ELCAP's services. Where possible, staff were offered re-deployment into new posts. In some cases, staff chose redundancy and in other cases, there was no suitable alternative post. The cost of redundancies and office closures are included as exceptional costs.

ELCAP

Trustees and Advisors

For the year ended 31 March 2010

Trustees & Advisors

Registered Office & Principal Office

Woodbine Cottage
West Loan
Prestonpans
East Lothian
EH32 9WU

Recognised Charity No.

SC003159

Company No.

SC116745

Executive Director and Secretary

Linda Headland

Executive Board Members

Re-appointed 03/10/2009

Paul Dickens (Chair)

Re-appointed 03/10/2009

Liz Foy

Re-appointed 03/10/2009

Margaret McKay

Re-appointed 03/10/2009

Drew Morris

Re-appointed 03/10/2009

Sylvia Archibald

Re-appointed 03/10/2009

Joe Welsh

Re-appointed 03/10/2009

Lorraine Mackenzie

Re-appointed 03/10/2009

Caroline Christie

Re-appointed 03/10/2009

Paul Rodger

Re-appointed 03/10/2009

Patricia Fawcett

Re-appointed 03/10/2009

Rosemary Martin

Re-appointed 03/10/2009

Sue Van Den Broek

Re-appointed 03/10/2009

John O'Donell

Appointed 03/10/2009

Thomas Dick

Resigned 31/08/2009

Iain Gray

Resigned 03/10/2009

Allan Sinclair

Resigned 12/11/2009

Joe Welsh

Independent Auditors

Scott-Moncrieff
3 Exchange Place
Semple Street
Edinburgh
EH3 8BL

Principal Bankers

The Royal Bank of Scotland plc
32 Court Street
Haddington
EH41 3NP

Solicitors

Anderson Strathern
14 Court Street
Haddington
EH41 3JA