



EXECUTIVE BOARD REPORT &
FINANCIAL STATEMENTS

31 MARCH 2005

ELCAP
Executive Board's Report and
Financial Statements
Registered in Scotland - Number 116745

For the year ended 31 March 2005

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For the year ended 31 March 2005

General Information

Registered Office	Woodbine Cottage West Loan Prestonpans East Lothian EH32 9NU
Recognised Charity No.	SC003159
Executive Director and Secretary	Linda Headland
Executive Board Members	
<i>Appointed 09/08/2004</i>	Ian Gray (Chair from 12/05/2005)
<i>Re-appointed 28/10/2004</i>	Liz Foy (Chair until 12/05/2005)
<i>Re-appointed 28/10/2004</i>	Margaret McKay
<i>Re-appointed 28/10/2004</i>	Freda Jamieson
<i>Re-appointed 28/10/2004</i>	Drew Morris
<i>Re-appointed 28/10/2004</i>	Tony Sabine
<i>Re-appointed 28/10/2004</i>	Ann Steadman
<i>Re-appointed 28/10/2004</i>	Ian Hamilton
<i>Re-appointed 28/10/2004</i>	Judith Lowes
<i>Re-appointed 28/10/2004</i>	Patricia Scott
<i>Re-appointed 28/10/2004</i>	Paul Dickens
<i>Re-appointed 16/10/2004</i>	Sandra Hands
<i>Resigned 28/10/2004</i>	Ian Wilson
Independent Auditors	Scott-Moncrieff 17 Melville Street Edinburgh EH3 7PH
Principal Bankers	The Royal Bank of Scotland plc 32 Court Street Haddington EH41 3NP
Solicitors	Anderson Strathern 14 Court Street Haddington EH41 3JA

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Executive Board's Report

For the year ended 31 March 2005

The Executive Board presents its report and financial statements for the year ended 31 March 2005

Objectives

The company is established for the public benefit for the following objects:

- 1 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.
- 2 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.

Since the last annual report there have been no changes to the company's objectives.

Review of development and activities

ELCAP provides services to people who need support in the activities of daily living so they can lead their lives in ordinary community settings. Since 1989, ELCAP has been assisting people to move from hostels and hospitals as well as family homes into their own tenancies where possible. However for many people availability of housing resources meant a move into shared living in the first instance. ELCAP has continued to be committed to the principle of person centred services and has continued to work to develop more individually tailored life styles. Last year it was reported that the Board had taken a formal decision only to contract to support individuals except where people themselves had made a positive decision to share. In the past year, in furtherance of this policy, the Board has developed a Housing Options strategy to recycle the equity from ELCAP's property portfolio to create alternative housing for people currently in shared housing.

The Board has also entered into a Joint Project Board with East Lothian Council to plan and manage the resettlement process. To facilitate this process, the Board agreed not to wait for the outcome of the Supporting People service review due to take place later this year, but to accept ELCAP's share of the 7.5% Supporting People cut from 1 April 2005. This allowed ELC to fund the appointment of two dedicated care managers to re-assess the support needs of people in shared housing from the transition funding granted to Councils by the Scottish Executive to soften the impact of the cuts. The Joint Project Board started meeting in March.

In February 2005 ELCAP and FAIR (Family Advice and Information Resource, Edinburgh) were successful in a bid to the Pension Service Fund, resulting in a two year advice project to assist the take up of Pension Credit and Savings Credit. Two support workers spend three quarters of their time based with ELCAP and one quarter based with FAIR, advising older people with a learning disability and/or older carers of someone with a learning disability of their benefit entitlements. The project has been invited to become an Alternative Office which will allow them to complete and validate benefit claims directly thus offering a streamlined and enhanced service.

ELCAP's short stay service (respite), was used during the year by 41 people who between them received 1692 days/nights support. The occupancy was at an average of 66.22% during the year. This service is due to be replaced by 2007 by a generic respite service which East Lothian Council is developing.

Legal and administrative details

The company was constituted as a company limited by guarantee by Memorandum and Articles of Association of 10 March 1989. The executive board consists of 12 members, who are appointed in accordance with the terms of the Memorandum and Articles of Association, retire annually at the Annual General Meeting and, subject to the rules, may be re-elected. In addition, the executive board may co-opt up to three individual members onto the board.

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Executive Board's Report - Continued

For the year ended 31 March 2005

Employment of disabled people

ELCAP has an equal opportunities policy and all our recruitment and selection processes are designed to be non-discriminatory. All staff, regardless of ability/ disability, gender, sexuality, age and race have equal access to training and development and promotion opportunities

Employee information

ELCAP has a range of mechanisms for ensuring staff have access to information: briefing from managers at team meetings, the staff newsletter, individual copies of the summary of the business plan, team reviews, practice development sessions and access to updated policies and procedures through the policy pack. We also hold quarterly Open Forums where each team can send one member to meet with senior management for a staff led discussion on current issues and future plans.

Results

The operating activities for the year generated a surplus of £112,751 (2004 - £413,486). However after transfers to the designated funds for the contingency reserve and property equity reserve, the operating fund made no surplus or deficit (2004 - £17,472). The designated funds have a surplus of £195,428 (2004 - £431,493) and there is a deficit of £30,247 (2004 - £52,257) in the restricted reserves. The company made an overall surplus of £165,181 (2004 - £501,222) in the year.

Reserves

As a registered limited company and a registered charity, ELCAP is required to hold adequate funds to cover future expenditure requirements. The need for reserves was highlighted in December 2003 when the company had to use the full amount of its reserves to fund payroll as funding had not been provided by the Local Authority. If these reserves had not been available to fall back onto then the financial viability of the organisation would have been threatened. Of the fund balances at 31 March 2005, only the Operating fund of £81,134 is available for ongoing operational activities.

Designated funds are funds which the Board has put aside for a specific purpose. The largest fund, the Property Equity fund, represents the funds tied up in the properties owned by the company to provide housing for service users. 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 ideally should run at a level equivalent to three months operating costs. It presently stands at just under two thirds of that level. The Board's policy is to build towards that target by transferring 1% of operating income each year, but this will not be achieved unless income exceeds operating costs.

The Restructuring, Development and Change Funds have been used to purchase 3 new properties in order to facilitate service users moving to their own individual tenancies. The Board agreed to extend the remit of the Change Fund. The Change Fund will now be used to fund the development of person centred services.

New restricted funds have been created as of 1st April 2004. Restricted funds represent external income, which may only be expended for specific purposes. The Property Management reserve represents income from housing benefit and tenants used to fund major works of refurbishment, maintenance and other related property management costs for the ELCAP owned properties.

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Executive Board's Report - Continued

For the year ended 31 March 2005

Risk

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 has a strategic plan to develop services and funding sources to reduce external risk. 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.

Investment Policy

In order to maximise the return on funds held the Executive Board has agreed to transfer an initial sum of £210,000 to a corporate bond with the interest accruing retained within the bond.

Review of transactions and financial position

The financial statements have been prepared in accordance with current statutory requirements and the company's constitution.

Fixed Assets

Details of movements in fixed assets are set out in note 7 to the financial statements.

The heritable properties purchased by ELCAP normally require significant adaptation to allow them to meet the needs of users. Grants have been obtained both for the purchase of some properties and to cover costs of adaptation and they are represented as part of the property equity reserve.

Funds

The funds are held to enable the company to discharge its contract obligations and realise its objects.

The executive board confirms that the assets are adequate and available to fulfil the future obligations of the company.

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 and respite services to adults, and with Midlothian for support to families with a child with support needs. To strengthen the Housing Support service, ELCAP has contracted with Ark Housing Association for the provision of housing management services (with effect from 1 July 2004) During the period under report ELCAP was represented on the committees of Community Care Providers Scotland, Learning Disability Alliance Scotland, The Same as You Implementation Group, East Lothian Community Care Forum, Midlothian Voluntary Sector Providers' Forum .

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Executive Board's Report - continued

For the year ended 31 March 2005

Pension Funds

Additional disclosure on pensions has been included in the accounts as required by FRS17. The Lothian Pension Fund has a deficit of £547,000 (2004 - £547,000). This is a notional sum to be paid over the remaining service lives of the employees in this pension fund and it has no direct impact on the financial position of ELCAP at this date.

Executive board responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the surplus or deficit of the company for that year. In preparing those financial statements, the executive board is required to:-

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

The executive board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the financial statements comply with the Companies Act 1985. 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.

Independent Auditors

A resolution to re-appoint Scott-Moncrieff will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

_____ 2005

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

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Independent Auditor's Report to the members

For the year ended 31 March 2005

We have audited the financial statements set out on pages 8 to 20. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 12.

This report is made solely to the company's members as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the executive board and auditors

As described in the Statement of Executive Board's Responsibilities, the charitable company's executive board is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the companies act 1985. We also report to you if, in our opinion, the Executive Board's Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the executive board's remuneration and transactions with the charitable company is not disclosed.

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 opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the executive board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its surplus for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 and the charity's founding document.

SCOTT-MONCRIEFF
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh
EH3 7PH

2005

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**Income and Expenditure Account and
Statement of Financial Activities
For the year ended 31 March 2005**

	Notes	<i>Operating Fund 2005</i>	<i>Designated Funds 2005</i>	<i>Restricted Funds 2005</i>	Total 2005	Total 2004
		£	£	£	£	£
Incoming resources						
From Operating Activities						
Users' fees		12,632	-	-	12,632	12,340
Contract Income		5,677,979	-	-	5,677,979	5,402,812
Other grants		-	-	-	-	-
Other income		37,259	82,677	180,091	300,027	218,033
Total incoming resources		5,727,870	82,677	180,091	5,990,638	5,633,185
Less resources expended						
Activities in furtherance of objectives						
Direct charitable expenditure	2	5,137,414	-	210,338	5,347,752	4,693,383
Management and administration	3	477,705	-	-	477,705	438,580
Total resources expended		5,615,119	-	210,338	5,825,457	5,131,963
Surplus / (Deficit) for the year		112,751	82,677	(30,247)	165,181	501,222
Other transfers	10	(112,751)	112,751	-	-	-
Net incoming resources after transfers	4	-	195,428	(30,247)	165,181	501,222
Fund Balances as at 31 March 2004		81,134	3,382,524	269,316	3,732,974	3,231,752
Fund Balances as at 31 March 2005		81,134	3,577,952	239,069	3,898,155	3,732,974

There were no recognised gains or losses for 2005 or 2004 other than those included in the Income and Expenditure Account and the Statement of Financial Activities. All activities relate only to continuing operations.

The notes on page 11 to 20 form part of these financial statements

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**Balance Sheet
As at 31 March 2005**

	Notes	Total 2005	Total 2004
		£	£
Fixed assets			
Tangible assets	7	2,180,194	1,991,675
Investments		219,277	
Current assets			
Debtors	8	192,243	203,033
Cash at bank and in hand		1,741,939	1,972,014
		2,153,459	2,175,047
Creditors: Amounts falling due within one year	9	(435,498)	(433,748)
		1,717,961	1,741,299
Net current assets		1,717,961	1,741,299
Total assets less current liabilities		3,898,155	3,732,974
Net assets		3,898,155	3,732,974
Funds			
Unrestricted	10	81,134	81,134
Designated		3,577,952	3,382,524
Restricted		239,069	269,316
		3,898,155	3,732,974
		3,898,155	3,732,974

The financial statements were approved by the executive board on

and signed on its behalf byDirectorSecretary
Iain Gray *Linda Headland*

The notes on pages 11 to 20 form part of these financial statements

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Cashflow Statement

For the year ended 31 March 2005

	Notes	2005	2004
		£	£
Net cash inflow from operating activities	1	213,793	862,058
Returns on investments and servicing of finance			
Interest paid		(6,995)	(6,481)
Interest received		82,677	35,479
		75,682	28,998
Capital expenditure			
Payments to acquire tangible fixed assets		(300,273)	(110,951)
Receipts from sales of tangible fixed assets		-	1,388
		(300,273)	(109,563)
Net cash (outflow) from investing activities		(300,273)	(109,563)
Increase / (Decrease) in cash	2	(10,798)	781,493

Notes to the cashflow statement

1.	Net cash (outflow)/ inflow from operating activities		
	Surplus / (Deficit) for year	165,181	501,222
	Depreciation charge	111,754	110,163
	Interest received (net)	(82,677)	(35,479)
	Interest paid (net)	6,995	6,481
	Decrease / (Increase) in Debtors	10,790	245,001
	Increase in creditors	1,750	34,670
	Net cash Inflow / (outflow) from operating activities	213,793	862,058
2.	Change in net liquid resources		
	Net funds at 1 April 2004	1,972,014	1,190,521
	Increase / (Decrease) in cash	(10,798)	781,493
	Net funds at 31 March 2005	1,961,216	1,972,014

The notes on pages 11 to 20 form part of these financial statements

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Notes to the Financial Statements

For the year ended 31 March 2005

1. Accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2000).

(b) Income and expenditure

Owing to the special nature of the business of the company and in the interests of presenting the results clearly to the members, it is considered inappropriate to adhere to the profit and loss format described under Section 228 of the Companies Act 1985. A statement of financial activities has been prepared in a form which is considered to give the members a true and fair view of the results for the year and which also complies with the requirements of Section 228 of the Act and Statement of Recommended Practice – Accounting and Reporting by Charities.

(c) Depreciation of tangible fixed assets

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	

Where Furniture and Fittings in tenancies are purchased through housing benefit income, these assets will be expensed in year of purchase.

(d) Interest receivable

This is interest receivable on interest bearing deposits.

(e) Grants receivable

Revenue grants are recognised in the statement of financial activities (Sofa) in the accounting period to which they relate and are intended to meet revenue expenditure.

(f) Pensions

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

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).

Contributions to the LGSS scheme are charged to the income and expenditure account so as to spread the cost of the pensions over employees working lives with the company. The contributions are determined by qualified actuaries.

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Notes to the Financial Statements - continued

For the year ended 31 March 2005

(f) Pensions (continued)

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.

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.

(g) Operating lease commitments

Rentals payable under operating leases are charged to the statement of financial activities.

(h) Unrestricted funds

Surplus revenue funds held within unrestricted funds are carried forward to meet the cost of future activities of both a capital and revenue nature.

Commitments for specific activities and needs in the future are dealt with by making allocations to designated funds.

(i) Taxation

The company has charitable status and is therefore exempt from taxation under Section 505 of the Corporation Taxes Act 1968.

(j) Allocation of expenditure

Whenever possible, expenses are attributed to the category to which they relate. Where this is not possible, expenses are allocated on the basis of time spent by staff on each activity.

2. Direct charitable expenditure	2005	2004
	£	£
Staff costs	4,682,426	4,149,281
Accommodation costs	109,118	216,706
Other costs	345,870	251,967
Property Management Costs	210,338	75,429
	<hr/>	<hr/>
	5,347,752	4,693,383
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Notes to the Financial Statements - continued

For the year ended 31 March 2005

3. Management and administration of the charity	2005	2004
	£	£
Staff costs	343,764	338,023
Office costs	71,454	44,482
Accommodation costs	29,663	28,678
Audit and other professional costs	12,203	13,007
Other costs	20,621	14,390
	477,705	438,580
4. Net incoming resources are stated after charging	2005	2004
	£	£
Depreciation of tangible fixed assets	111,754	110,163
Auditors' remuneration	6,629	6,436
Operating lease rentals:		
Land and buildings	30,867	26,146
Other	2,673	2,673
	213	199
5. Employees	2005	2004
The average weekly number of employees (whole time equivalents) was:-		
Direct Charitable staff	200	185
Managerial and Administrative staff	13	14
	213	199
Staff costs during the year amounted to:	2005	2004
	£	£
Wages and salaries	4,196,003	3,907,977
Social security costs	332,676	306,636
Other pension costs	205,896	204,842
	4,734,575	4,419,455

None of the employees emoluments were in excess of £50,000

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Notes to the Financial Statements - continued

For the year ended 31 March 2005

6. Executive Board Members

None of the Executive Board members received any remuneration for their services as members of the Board, expenses for travel to attend board meetings totalled £0 (2004 - £0). Drew Morris is a partner in the Edinburgh office of the company's solicitors, Anderson Strathern, who were paid £5,229 in the year for legal services provided by the solicitors on a normal commercial basis.

7. Tangible fixed assets

Cost or valuation	Heritable Land and Buildings £	Leasehold Improvements £	Furniture & Furnishings £	Office Equipment £	Total £
At 1 April 2004	2,263,839	54,649	353,765	232,667	2,904,920
Additions	277,605	852	420	21,396	300,273
Disposals	-	-	-	-	-
At 31 March 2005	<u>2,541,444</u>	<u>55,501</u>	<u>354,185</u>	<u>254,063</u>	<u>3,205,193</u>
Depreciation					
At 1 April 2004	382,242	32,484	307,556	190,963	913,245
Charge for year	50,829	11,364	21,330	28,231	111,754
Disposals	-	-	-	-	-
At 31 March 2005	<u>433,071</u>	<u>43,848</u>	<u>328,886</u>	<u>219,194</u>	<u>1,024,999</u>
Net book value					
At 31 March 2005	<u><u>2,108,373</u></u>	<u><u>11,653</u></u>	<u><u>25,299</u></u>	<u><u>34,869</u></u>	<u><u>2,180,194</u></u>
At 31 March 2004	<u><u>1,881,597</u></u>	<u><u>22,165</u></u>	<u><u>46,209</u></u>	<u><u>41,704</u></u>	<u><u>1,991,675</u></u>

It should be noted that there are some depreciating standard securities on some of the buildings in fixed assets which are repayable to Lothian Health Board if the buildings are sold and the money not reinvested in buildings with a similar residential purpose. The total amount of securities payable if all such buildings were sold at 31 March 2005 was £140,134 (2004 - £168,136).

The Royal Bank of Scotland and the Bank of Scotland hold standard securities over two properties as security for property loans. The sum due on the bank loans at 31 March 2005 amounted to £110,274 (2004 - £117,223)

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Notes to the Financial Statements - continued

For the year ended 31 March 2005

8. Debtors	2005	2004
	£	£
Amounts falling due within one year		
Debtors	176,778	144,871
Provision for doubtful debts	(1,504)	(1, 504)
Revenue Grants receivable	-	-
Prepayments and accrued income	16,719	24,809
Other debtors	250	4,858
	<hr/>	<hr/>
	192,243	173,034
Amounts falling due after more than one year		
Loan to Edinvar Trust	-	30, 000
	<hr/>	<hr/>
	192,243	203,034
	<hr/> <hr/>	<hr/> <hr/>
 9. Creditors: Amounts falling due within one year	2005	2004
	£	£
Trade creditors	85,261	48,244
Tax and Social Security	122,891	105,730
Income in advance	9,795	25,863
Accruals and sundry creditors	107,277	136,688
Bank loans and overdrafts	110,274	117,223
	<hr/>	<hr/>
	435,498	433,748
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Notes to the Financial Statements - continued

For the year ended 31 March 2005

10. Operating Fund, Designated and Restricted Reserves	Balance at 1 April 2004	Incoming Resources	Resources Expended	Transfers	Balance at 31 March 2005
	£	£	£	£	£
Property Equity	1,991,675	-	-	188,519	2,180,194
Contingency	915,042	82,677	-	57,279	1,054,998
Restructuring	29,438	-	-	(29,438)	-
Change	400,000	-	-	(57,240)	342,760
Development	46,369	-	-	(46,369)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Designated	3,382,524	82,677	-	112,751	3,577,952
Furniture	62,496	89,932	(53,266)	(99,162)	-
Planned Maintenance	206,820	90,159	(157,072)	(139,907)	-
Property Management	-	-	-	239,069	239,069
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted	269,316	180,091	(210,338)	-	239,069
Total Reserves	3,651,840	262,768	(210,338)	112,751	3,817,021
Operating Fund	81,134	5,727,870	(5,615,119)	(112,751)	81,134
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,732,974	5,990,638	(5,825,457)	-	3,898,155
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

The Property Equity Reserve represents the unfunded value of property. 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 Restructuring Reserve is for restructuring the business activities as a result of the transfers of activities to ELCAP. The Development Reserve is for committed and planned major capital projects and setting up new services. These reserves have now been fully utilised.

The Property Management Reserve represents income from housing benefit and tenants to fund major works of refurbishment, maintenance and other related property management costs for the ELCAP properties. This reserve is restricted and is not available to meet other commitments. This reserve replaces the Furniture Fund and the Planned Maintenance Fund.

The Operating Fund is required to maintain the normal cash flow for operational activities. The fund is represented by current assets.

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Notes to the Financial Statements - continued

For the year ended 31 March 2005

11. Commitments

Operating leases expiring within:	2005	2004
	£	£
1 – 2 Years	3,000	-
3 – 5 Years	-	-
Greater than 5 years	12,000	5,291

Capital commitments	2005	2004
	£	£
Authorised but not contracted for:	-	-
Authorised and contracted for:	54,130	-

12. Pension Costs

Defined Benefit Schemes

LGSS

The most recent valuation of the pension scheme was at 23 March 2002 using the Projected Unit Method. The major assumptions used by the actuary were:

Assumptions as at	31 Mar 2005 % p.a.	31 Mar 2004 % p.a.	31 Mar 2003 % p.a.
Price Increases	2.9%	2.9%	2.5%
Salary Increases	4.4%	4.4%	4.0%
Pension Increases	2.9%	2.9%	2.5%
Discount Rate	5.4%	5.5%	5.4%

Assets (Employer)	31 March 2005 Long Term		31 March 2004 Long Term		31 Mar 2003 Long Term	
	Return % p.a.	Assets £000	Return % p.a.	Assets £000	Return % p.a.	Assets £000
Equities	7.7%	1,643	7.7%	1,281	8.0%	821
Bonds	4.8%	138	5.1%	104	4.8%	100
Property	5.7%	197	6.5%	139	6.0%	122
Cash	4.8%	83	4.0%	111	4.0%	30
Total Market Value of Assets		<u>2,061</u>		<u>1,635</u>		<u>1,072</u>
Present Value of Scheme of Liabilities		2,609		2,182		1,707
Net Pension liability		<u>(547)</u>		<u>(547)</u>		<u>(635)</u>

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2005

The charity's pension charge for the year includes the following components:

	31 Mar 2005	31 Mar 2004
	£000	£000
Service Cost	192	173
Past service Costs	-	-
Curtailement and Settlements	-	-
Decrease in Irrecoverable Surplus	-	-
Total Operating Charge (A)	192	173
Expected Return on Employer Assets	130	87
Interest on Pension Scheme Liabilities	(127)	(98)
Net Return (B)	3	(11)
Net Revenue Account Cost (A)-(B)	189	184

Analysis of Amount in statement of Financial Activities (Sofa)

	Year Ended	Year Ended
	31 March 2005	31 March 2004
	£000	£000
Actual Return Less Expected Return on Pension Scheme Assets	59	242
Experience Gains and Losses Arising on Scheme Liabilities	1	(7)
Changes in Financial Assumptions Underlying the Present Value of the Scheme Liabilities	(60)	(151)
Actuarial Gain/ (Loss) in Pension Plan	-	84
Increase/ (Decrease) in Irrecoverable Surplus from Membership Fall and Other Factors	-	-
Actuarial Gain/ (Loss) Recognised in STRGL	-	84

Movement in Surplus/Deficit During the Year

	Year to	Year to
	31 March 2005	31 March 2004
	£000	£000
Surplus /Deficit at Beginning of the Year	(547)	(635)
Current Service Cost	(192)	(173)
Employer Contributions	189	188
Net Return on Assets	3	(11)
Actuarial Gains/(Losses)	-	84
Surplus/(Deficit) at End of Year	(547)	(547)

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2005

History of Experience Gains and Losses

	Year to 31 March 2005 £000	% Scheme of assets	Year To 31 March 2004 £000	% Scheme of assets
Difference Between the Expected and Actual Return on Assets	59	2.9%	242	(14.8%)
Experience Gains/(Losses) on Liabilities	1	0.0%	(7)	(0.3%)
Total Amount Recognised in Sofa	-	-	(84)	3.9%

The pension charge for the period was £192,000 (2004-£173,000). The contribution of the company was 18% (2004 – 17.1%). The employees' contribution has been 6% (2004- 6%).

NHSS

Valuations are carried out every five years using the projected unit method. The most recent valuation was at 5 March 1999 for the period 1989/94. 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.

It was assumed that investment returns would be 12.3% p.a. and that salary increases would be 4.4% p.a.

The pension charge for the period was £12,204 (2004 - £10,461). The charge for the year was £28,371 but a refund of £16,167 was received from NHSS. The most recent valuation showed the market value of the scheme's assets was £5,848m and that the actuarial value of these assets represented 86.2% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contribution of the company was 14% (2004 – 5.5%). The employees contribution has remained the same at 6%.

Defined Contribution Schemes

Group Personal Pension Scheme

This is a money purchase scheme which includes death in service benefit with no liability to the employer. The company contributes on a matched basis to the employees to a maximum of 6%. Total contributions to this scheme were £3,382 (2004 - £3,682).

Outstanding contributions at the balance sheet date were £505 (2004 - £485)

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2005

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 £3,035 (2004- £3,142).

Outstanding contributions at the balance sheet date were £408 (2004 - £408)

13. Membership	2005	2004
At 1 April 2004	107	100
New members	5	7
Resignations	(5)	-
	<hr/>	<hr/>
At 31 March 2005	107	107
	<hr/> <hr/>	<hr/> <hr/>

14. 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 107 members. (2004 - 107 members).



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Woodbine Cottage, West Loan, Prestonpans, East Lothian, EH32 9WU

Charity number: SCO03159 Reg number: 116745