



EXECUTIVE BOARD REPORT &
FINANCIAL STATEMENTS

31 MARCH 2006

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Chairman's Report

“Including” people is what ELCAP is all about. We were formed at a time when it was being realised that there was no reason why people with learning disabilities should have to live apart in long stay hospitals. ELCAP and other organisations were formed to provide support for people living in the community.

But inclusion can never be static. It has to be about providing choices. It has to be about constantly improving what we do. That is why a year ago we ran a major “open space event” - a day when everyone connected with ELCAP got the chance to say how we should progress.

One message, which came through loud and clear from service users, was that they wanted a greater say day to day in the running of the organisation. In particular a group of service users who had been involved in staff appointments wanted to extend their involvement.

The Board felt that we must not only respond but make the effort to make this work. So we were very pleased in the course of the year to welcome to the board, Donald Todd, Sylvia Archibald and Allan Sinclair. ELCAP is ensuring Donald, Allan and Sylvia receive independent support for their role as well as support from ELCAP staff.

The Board have had to examine closely how we work, meet and prepare documents and we realise that we have some way to go until our meetings are as effective as they might be. But this is an important change and we are determined that we will make it work. ELCAP will be better for it.

Just as we work to improve the functioning of the Board, we remain convinced that the support we provide for service users must improve too, and that means more individualised, person centred services. We were pleased that the “Changing Lives” policy statement on the future of social services took the same view, indeed saying that “more of the same is not an option”.

Less pleasing, though, were the decisions taken by the Scottish Executive about distribution of “Supporting People” funds which left East Lothian Council and therefore ELCAP with very significant cuts in funding. ELCAP staff have worked incredibly hard and with remarkable imagination to protect the direct services we provide throughout this year. The impact on our reserves can be seen in our annual accounts. Nonetheless we continue to work with East Lothian Council and other commissioners of services to find ways of delivering better, person centred services within the resources available.

Finally, having welcomed new directors to the Board, we have to say farewell to four of our number who are standing down at this AGM. Thanks to Tony Sabine, Ann Steadman, Ian Hamilton and Sandra Hands, and also to Pat Scott who stood down some months ago. Your contribution has been of great value and you will be missed.

Iain Gray.



Chief Executive's Report

In the past year policy statements from the Scottish Executive have continued to grow closer to what self-advocacy movements say that people with support needs want for themselves. 'The person is at the heart of everything', 'People that use services will have more control over the services they are getting', and 'More of the same won't work', is the message of Changing Lives, the report of the 21st Century Review of Social Work. However, the progress that ELCAP has made in working towards this goal of person-centred services, has owed little to public policy, because there is a fault line between those statements and the actions of those charged with implementing them. Many local authorities are still using public funds to purchase services that perpetuate old ways of thinking and doing, on the grounds that this is what is affordable (and occasionally claiming that this is what people really want). For all the rhetoric there is still no consensus about what a person-centred service actually looks like.

When I started with ELCAP as its first employee in 1989 my 'mission' was fairly simple and straightforward; to help people with learning disabilities get out of long-stay institutions and live their lives in ordinary homes in ordinary communities. We closed the local institutions but while everyone moved to mainstream housing, for many this was in shared homes with two or three others. Since then, despite cuts in funding we have supported many people to move to their own home and to develop their interests and relationships through mainstream opportunities. I would like to take this opportunity to thank everyone who has made this possible, in particular the people who use our services and their dedicated support teams. In 2004 the Board agreed that we would not take on new work that involved group homes. Our services in Midlothian and Edinburgh are all individual support services. In both authorities and also now in East Lothian we support a number of children with additional support needs, and their families. We continue to work with East Lothian Council, seeking ways of personalising those services that are still shared.

Whatever the obstacles we remain committed to delivering person centred services and the promise contained in 'Changing Lives'. Some of the stories in this report are snapshots of what people are achieving in their own lives, with ELCAP's support. I hope you enjoy reading it, and that we can continue to count on your support as we work to help more people achieve their version of a good life.

Linda Headland

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2006.

ELCAP's Purpose

ELCAP exists to assist people disadvantaged by age, illness or disability to live their chosen lives by providing individually tailored support. 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 families with a child with support needs to help each person achieve the maximum independence, pursue their interests and lead valued lives. In 2005-6 we provided a total of 361,625 hours of support to a total of 153 adults and children.

We provide short breaks for adults who normally live in their family home. In 2005-6 we provided 1596 days/nights of support to 41 adults.

We have a small number of houses to let to people who need support. In 2005-6 ELCAP's 17 houses provided tenancies to 35 people.

Corporate Governance

ELCAP is a registered company limited by guarantee, and a recognised charity. It is run by an Executive Board of 12 directors/trustees who retire annually at the AGM and may be re-elected. The Board may co-opt up to three further directors/trustees onto the Board. To assist it in checking that the organisation has safe and effective systems 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 delegates the day-to-day running of the organisation to the chief executive (Director), Linda Headland. The Board monitors the likely impact of the loss of any of its members and recruits, through open recruitment by national advertising, to specifications that identify what specific strengths and

skills the Board requires. New directors/trustees receive an induction pack and from time to time briefing sessions are held outwith Board meetings. Board Awaydays are held twice a year, often with an external facilitator, to develop strategy or to address current strategic issues.

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. ELCAP holds the Bronze Award from Scotland's Health at Work (SHAW) to say it is recognised as an employer that takes good care of its staff. Staff are consulted formally through the Joint Consultative Committee and informally through teams on e.g. the development of the annual Workplan. Feedback is encouraged through the annual staff questionnaire and quarterly Open Forums between senior managers and staff. Everyone employed by ELCAP receives a copy of the annual Workplan and a copy of the quarterly newsletter. Where people who use ELCAP's services are employed e.g. in staff recruitment, training, admin or office cleaning, they receive payment appropriate to the work undertaken. A small number of Community Service Volunteers receive living expenses and other volunteers are reimbursed for out-of-pocket expenses.

Membership of the Board of Trustees since 1 April 2005 and a list of principal advisors are set out on page 34.

Directors' indemnity insurance

In accordance with the recent amendment to the Companies Act, the company confirms that it has in place a Directors' and Officers' Liability insurance policy. This arrangement is being kept under review pending a decision from the Scottish Executive and OSCR on whether this constitutes a benefit under charity law.

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 enable it to ensure that the financial statements comply with the Companies Act 1985 and the Statement of Recommended Practice: Accounting & reporting by charities. 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, at the time the report is approved, are aware:

- 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 2005-6

ELCAP'S SUPPORTED LIVING SERVICES

AIMS

To help people we already support to find accommodation more suited to their individual needs and to promoting a valued lifestyle.

ACHIEVEMENTS

Five people supported by ELCAP moved to new homes between March 2005 and April 2006.

CHALLENGES

A further five people are in the process of moving; four more are actively seeking a move. Many more are being supported to consider their options. The challenges for ELCAP are to identify and be able to demonstrate to others, what are the wishes of those people still sharing housing and support or whose accommodation no longer meets their needs. Once a person's wishes and needs can be clearly demonstrated, the challenge will be to work out how to help them achieve the change they want and need. This will probably include working out how their support needs can be met within the resources available.

(Where people moving house reduces the numbers in a shared house to two, this helps us achieve another aim, to reduce the number of living situations where people's homes have to be registered as houses in multiple occupation).

AIM

To help people reduce their reliance on segregated activities and pursue their interests alongside the rest of the community in mainstream settings.

ACHIEVEMENTS

Some activities intended to be inclusive had become segregated. These were withdrawn and people supported to pursue individual interests.

CHALLENGES

More consistent support into personally chosen activities needs to be provided to more people. We also need to find affordable ways of supplementing support time for people whose funded support has been assessed on the assumption that it is shared with others.

AIM

To help people access all the benefits to which they are entitled.

ACHIEVEMENTS

Over the year ELCAP staff, working with FAIR, have supported people to obtain £37, 926 Benefit income that they were previously missing out on.

CHALLENGES

To maintain a close watch on people's benefit entitlement, support applications and appeals, and make sure people understand how earnings or savings can impact on different entitlements.

AIM

To help people communicate effectively. To help staff understand better the communication of the people they support.

ACHIEVEMENTS

People use simple aids at home (photos and symbols) to help them plan their day, and to know who will be supporting them at different times and with different activities. Signifiers (objects identified with different activities or options) are used to help people understand what options are being offered and to express preferences. People receiving support play an active part in training their support staff in their preferred communication.

CHALLENGES

To make sure everyone's communication needs are being addressed effectively. To put the ELCAP newsletter and other communications onto tape and to use more aids to communication.

AIM

To involve people who use support and their families, and the communities in which ELCAP works, in shaping plans and designing services.

ACHIEVEMENTS

We introduced individual quarterly service reviews to which families are invited. We held an Open Space consultation around the 2005 AGM and asked people what they wanted us to start doing, stop doing, do more of or do differently. That fed into the Workplan for 2006-7. Partly in response to the Open Space discussions, three people who use ELCAP's services were co-opted onto the Executive Board. People First Scotland were contracted to provide support to these new directors and to a wider group of service users interested in getting more involved in the organisation. This was funded by seconding an Assistant Director part time to another provider for six months, supplemented by a grant from the ELCAP Trust. Across all services, people play an active part in recruiting staff who will support them.

CHALLENGES

We need to find other ways of involving the people ELCAP works for in the work of the organisation and supporting them to do this. We also need to find ways of further involving families, and to strengthen our links with community networks.

AIM

To extend our services to more people, especially in Edinburgh and Midlothian, and especially to families with a child with support needs.

ACHIEVEMENTS

We supported 19 more adults and 10 more children than in the previous year. Of these, 5 were in Edinburgh, 13 in Midlothian and 11 in East Lothian.

CHALLENGES

We want to further develop our services in Edinburgh and Midlothian, and to start providing services in Borders. As well as offering good services to more people, this would help us to keep our costs affordable and make us less dependent upon one purchasing authority.

SHORT STAY SERVICE

AIMS

To offer to people who use the (residential) short stay service alternative short breaks that are not tied to the existing building.

ACHIEVEMENTS

We asked people what they would like and suggested different ways this could be achieved. However, largely because the existing local authority funding is tied into a buildings based contract, families and care managers were not keen to try alternatives that might have involved them in more expense.

CHALLENGES

We want to find ways to make non-buildings based options more attractive and more affordable, and to address the fears and concerns that prevent people trying out alternatives.

ACCOMMODATION SERVICE

AIMS

To improve the housing and property management service, remove unnecessary restrictions on tenants' autonomy, improve the standard of accommodation and effect changes to better meet people's housing needs.

ACHIEVEMENTS

We changed our property management agent, removed most service charges that were restricting tenants' rights to choose how and when to decorate and refurnish and spent £144,817 on repairs, maintenance and upgrades. We also negotiated new agreements with statutory authorities that brought tenants' rights to aids and adaptations into line with those of other citizens with comparable needs. We used funds from previous disposals to acquire three new properties to re-house existing tenants more appropriately.

CHALLENGES

The original idea was to use the equity tied up in existing properties to create a rolling development fund with which to provide alternative accommodation for people now in shared housing. However the feasibility study showed this would only be financially viable if conducted on a much larger scale than ELCAP could support. We are now exploring the option of a housing provider assuming the property portfolio in exchange for access to tenancies for existing and future users of ELCAP's support services.

GOVERNANCE

AIMS

To focus the Board activity on direction setting, strategic thinking, monitoring and accountability. To keep the Board in touch with how people experience ELCAP's services and what they want from the organisation. To make sure the organisation's systems of financial management are sound and working properly. To make sure risks to the organisation are understood and being addressed.

ACHIEVEMENTS

The Board established a cycle of activity with one policy discussion, two strategic discussions, quarterly monitoring and an annual accountability review. In tandem with the 2005 AGM the Board held an Open Space consultation involving employees, people who use services and their families, and other agencies that work with ELCAP. Following the Open Space event three people who use services were co-opted onto the Executive Board. A new contract for Internal Audit was agreed and the Risk Map and action plan were reviewed with the new Internal Auditor.

CHALLENGES

We need to continue to adapt Board activity so all Board members can contribute fully. The Open Space experience will be repeated in alternate years. We need to keep under review issues that present risk to the organisation and find effective means of minimising or managing these risks.

ELCAP AS EMPLOYER

AIMS

To strengthen and stabilise the staff group and meet the Scottish Social Service Council requirements for staff qualifications.

ACHIEVEMENTS

We achieved a major shift to local recruitment, streamlining the process and involving the people whose support service it is. This shortened the time lag in filling posts so teams are up to strength most of the time, and new services can start quickly. Sickness absence declined by 3.2% compared with the previous year. By the end of the year all Service managers had achieved the

qualification appropriate to their level of responsibility. Thirty Support Workers have achieved the qualification required for their grade.

CHALLENGES

Forty support staff will achieve their required qualification in 2006-7.

SUPPORT SYSTEMS

AIMS

To change existing systems or introduce new systems to further the 'personalisation of services' agenda.

ACHIEVEMENTS

We developed and introduced person-centred competencies for support staff and their managers. We started the process to deliver individual financial reporting systems. We increased the percentage of staff time spent on direct support. We moved to person centred recruitment and to person-centred staff meetings. We increased the percentage of direct observation and feedback time in the supervision process and we consistently challenged language that did not reflect person-centred practice.

CHALLENGES

We need to develop person-centred competencies for senior managers; to complete work on individual financial reporting systems; to continue to reduce time not spent on direct support and to further develop individually focussed recruitment.

OUR PLANS FOR 2006 - 07

Much of the work undertaken in 2005-6 will continue in 2006-7 because it is basic to the achievement of our strategic objectives. Activities started but not

completed in 2005-6 will also continue. All of the work listed under 'Challenges' in the preceding section will figure in our Workplan. In addition we will seek to promote the interests of the people we support through representation on local and national forums.



Financial Review

For the year ended 31 March 2006

Financial Review 2005-6

The Executive Board presents its report and financial statements for the year ended 31 March 2006.

Results for the year

ELCAP made an overall deficit of £205,285 (2005 - £165,181 surplus) in the year before transfers from reserves. The deficit on operating activities, relating to the delivery of supported living and respite services, was £150,563 and the deficit on restricted funds, relating to property, was £120,054. A surplus on designated funds was £65,332 and represents interest income generated on reserves.

The deficit on operating activities was due to a 7.5% cut in Supporting People funding in East Lothian. Reserves from the Change Fund have been used to fund the deficit.

In the course of 2005-6, changes have been made to try to mitigate the impact of this funding cut. New work has been won in Edinburgh, Midlothian and East Lothian. The management structure has been reviewed and reduced through making three posts redundant, and not replacing posts. These changes have boosted income and reduced costs but their full impact will only be seen in 2006-7. It is hoped to breakeven in 2006-7 provided that there are no further funding cuts imposed.

The deficit on the restricted funds for property was due to a combination of factors. Rental income was not sufficient but has been increased for 2006-7 and the cost of maintaining properties to a suitable standard was higher than anticipated. A new housing management contract has been set up, as of July 2006, and only a small deficit is expected in the coming year. The Property Management fund is sufficient to fund these deficits. The Board is reviewing its role as a property owner and landlord.

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 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.

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 2006, 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 Change Fund is available to fund the development of person centred services.

The Property Management fund is a restricted fund as it represents 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.

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.

Some funds have been invested in Corporate Bonds which are low risk but provide capital growth as well as interest payments. The Board of Trustees have set a limit of 25% of funds being invested in Corporate bonds and monitor their performance regularly.

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. To strengthen the Housing Support service, ELCAP contracted with Ark Housing Association for the provision of housing management services (with effect from 1 July 2004). This contract expires on 30 June 2006 and will be replaced by a similar contract with Melville Housing Association. During the period under report ELCAP was represented on the Board of Community Care Providers Scotland, The Same as You Implementation Group and East Lothian Community Care Forum.

ELCAP is also a member of the ALTRUM group. This is a 'federation fostering creative organisations that are committed to diverse communities and citizenship for all.'

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.

Pension funds

Additional disclosure on pensions has been included in the accounts as required by FRS17. ELCAP's share of the liabilities of the Lothian Pension Fund is a deficit of £710,000 (2005 - £547,000). This deficit will be recovered through increased contributions over the remaining service lives of the employees in this pension fund and it has no immediate impact on the financial position of ELCAP at this date.

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.

Approved by the Board and signed on its behalf on:

2006

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

Independent Auditor's Report For the year ended 31 March 2006

We have audited the financial statements of ELCAP for the year ended 31 March 2006 set out on pages 20 to 34. These financial statements have been prepared under the accounting policies set out on therein.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 executive board and auditors

As described in the Statement of Executive Board's Responsibilities the company's executive board are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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 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 executive board's remuneration and other transactions is not disclosed.

We report to you whether in our opinion the information given in the executive board's report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice; of the state of the company's affairs as at 31 March 2006 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and the charity's founding document.
- the information given in the executive board's report is consistent with the financial statements.

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

2006

ELCAP

**Statement of Financial Activities
(Incorporating income and expenditure account)
For the year ended 31 March 2006**

	Notes	<i>Operating Fund 2006</i>	<i>Designated Funds 2006</i>	<i>Restricted Funds 2006</i>	Total 2006	Restated Total 2005
		£	£	£	£	£
Incoming resources						
From Charitable Activities						
Supported Living		5,761,910	-	-	5,761,910	5,458,535
Housing Provision		-	-	203,134	203,134	180,091
Respite service		226,998	-	-	226,998	232,075
Other incoming resources		25,683	65,332	-	91,015	119,937
Total incoming resources		6,014,591	65,332	203,134	6,283,057	5,990,638
Resources expended						
Charitable Activities						
Supported Living	2 & 3	5,910,189	-	-	5,910,189	5,365,398
Housing Provision	2 & 3	-	-	323,188	323,188	210,338
Respite service	2 & 3	223,788	-	-	223,788	216,335
Governance costs	2 & 3	31,177	-	-	31,177	33,386
Total resources expended		6,165,154	-	323,188	6,488,342	5,825,457
Net incoming/outgoing resources before transfers		(150,563)	65,332	(120,054)	(205,285)	165,181
Transfers between funds	11	150,563	(200,912)	50,349	-	-
Net incoming resources before other recognised gains & losses		-	(135,580)	(69,705)	(205,285)	165,181
Actuarial (Losses)/gains on defined benefit pension scheme	13	-	(174,000)	-	(174,000)	-
Unrealised Gains/(Losses) on investments	16	-	9,008	-	9,008	-
Net movement in funds	4	-	(300,572)	(69,705)	(370,277)	165,181
Fund Balances as at 31 March 2005		81,134	3,050,952	239,069	3,351,155	3,732,974
Fund Balances as at 31 March 2006		81,134	3,351,524	169,364	2,980,878	3,898,155

There were no recognised gains or losses for 2006 or 2005 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 23 to 33 form part of these financial statements

ELCAP

Balance Sheet

As at 31 March 2006

	Notes		Total 2006		Total 2005 Restated
		£	£	£	£
Fixed assets					
Tangible assets	7	2,133,044		2,180,194	
Investments		<u>355,705</u>		<u>214,517</u>	
Total Fixed Assets			2,488,749		2,394,711
Current assets					
Debtors	8	541,772		192,243	
Cash at bank and in hand		<u>1,100,871</u>		<u>1,746,699</u>	
Total Current Assets		1,642,643		1,938,942	
Creditors: Amounts falling due within one year	9	<u>(337,915)</u>		<u>(325,224)</u>	
Net current assets			<u>1,304,728</u>		<u>1,613,718</u>
Total assets less current liabilities			3,793,477		4,008,429
Creditors: Amounts falling due after more than one year	10		(102,599)		(110,274)
Net assets excluding pension liability			3,690,878		3,898,155
Defined benefit pension scheme liability	13		<u>(710,000)</u>		<u>(547,000)</u>
Net assets including pension liability			<u>2,980,878</u>		<u>3,351,155</u>
Funds					
Unrestricted		81,134		81,134	
Designated		<u>2,730,380</u>		<u>3,030,952</u>	3,112,086
Total Unrestricted			2,811,514		
Restricted			<u>169,364</u>		<u>239,069</u>
			<u>2,980,878</u>		<u>3,351,155</u>

The financial statements were authorised for issue by the executive board on

and signed on its behalf byDirectorSecretary
Liz Foy *Linda Headland*

The notes on pages 23 to 33 form part of these financial statements

ELCAP

**Cashflow Statement
For the year ended 31 March 2006**

	Notes			2006			2005
		£	£	£	£	£	£
Net cash (outflow)/ inflow from operating activities	1			(505,423)			213,793
Returns on investments and servicing of finance							
Interest paid		(6,637)		(6,995)			
Interest received		65,332		82,677			
		<hr/>		<hr/>			
Net cash inflow/(outflow) from returns on investments and servicing of finance				58,695			75,682
Capital expenditure							
Payments to acquire tangible fixed assets		(57,912)		(300,273)			
		<hr/>		<hr/>			
Net cash (outflow) / inflow from investing activities				(57,912)			(300,273)
		<hr/>		<hr/>			
Decrease in cash	2			(504,640)			(10,798)
		<hr/> <hr/>		<hr/> <hr/>			

Notes to the cashflow statement

		£	£
1.	Net cash (outflow)/ inflow from operating activities		
	(Deficit)/ Surplus for year	(370,277)	165,181
	Depreciation charge	84,848	111,754
	Loss on disposal of tangible assets	20,214	-
	Actuarial loss on pension	163,000	-
	Interest received (net)	(65,332)	(82,677)
	Interest paid (net)	6,637	6,995
	(Increase)/ Decrease in Debtors	(349,529)	10,790
	Increase in creditors	5,016	1,750
		<hr/>	<hr/>
	Net cash Inflow / (outflow) from operating activities	(505,423)	213,793
		<hr/> <hr/>	<hr/> <hr/>
2.	Change in net liquid resources		
	Net funds at 1 April 2005	1,961,216	1,972,014
	Decrease in cash	(504,640)	(10,798)
		<hr/>	<hr/>
	Net funds at 31 March 2006	1,456,576	1,961,216
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 23 to 33 form part of these financial statements

ELCAP

Notes to the Financial Statements

For the year ended 31 March 2006

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 1985.

The incoming resources and resources expended for the year ended 31st March 2005 have been reclassified in order to comply with SORP 2005.

(b) Prior period adjustment

The company policy for calculating the cost of retirement benefits was changed during the year to take full account of 'FRS 17 – Retirement Benefits'. The trustees consider that the new policy provides a fairer presentation of the results and of the financial position of the company as it ensures the financial statements reflect at fair value the assets and liabilities arising from the retirement benefit obligations and any related funding.

The comparative figures in the primary statements and notes have been restated to reflect the new policy. The effects of the change in policy are summarised below:

Balance Sheet

	£
Net assets at 31 March 2005	3,898,155
Creation of FRS 17 liability	<u>(547,000)</u>
Net assets at 31 March 2005 restated	<u>3,351,155</u>

(c) 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

(d) 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.

(e) Depreciation of tangible fixed assets

Tangible fixed assets costing more than £250 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

Where Furniture and Fittings in tenancies are purchased through housing benefit income, these assets will be expensed in year of purchase. All furniture & fittings in ELCAP tenancies were gifted to tenants on 31st March 2006. The only furniture & fittings now included in the balance sheet relate to the respite service or office accommodation.

(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).

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 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 LGSS is closed to new entrants.

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) 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 and Change funds are all designated funds.

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

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

(i) 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.

(j) Investments

The investment in corporate bonds is shown at market value. Gains and losses are recognised in the year in which they arise.

2 Expenditure	Direct Costs	Support Costs	Total 2006	Total 2005
	£	£	£	£
Supported Living	5,523,397	386,792	5,910,189	5,365,398
Housing Provision	316,892	6,296	323,188	210,338
Respite Services	205,579	18,209	223,788	216,335
Governance (Note 1d)	-	31,177	31,177	33,386
	<u>6,045,868</u>	<u>442,474</u>	<u>6,488,342</u>	<u>5,825,427</u>

3 Support Costs allocation	Supported Living	Respite Services	Housing Provision	Governance	Total 2006	Total 2005
	£	£	£	£	£	£
Staff costs	281,714	13,479	6,296	21,120	322,609	339,227
General office costs	98,864	4,730	-	-	103,594	104,952
Internal & external Audit	-	-	-	10,007	10,007	12,865
Professional fees	6,214	-	-	50	6,264	304
	<u>386,792</u>	<u>18,209</u>	<u>6,296</u>	<u>31,177</u>	<u>442,474</u>	<u>456,482</u>

4. Net incoming resources are stated after charging	2006	2005
	£	£
Depreciation of tangible fixed assets	84,848	111,754
Fees paid to auditors for external audit	5,951	6,629
Operating lease rentals:		
Land and buildings	30,867	30,867
Other	2,673	2,673
	<u> </u>	<u> </u>

5. Employees	2006	2005
The average weekly number of employees (whole time equivalents) was:-		
Supported living	230	206
Respite service	7	7
Governance	-	-
Housing Provision	-	-

Staff costs during the year amounted to:	2006	2005
	£	£
Wages and salaries	4,793,308	4,196,003
Social security costs	381,601	332,676
Other pension costs	189,813	205,896
	<u> </u>	<u> </u>
	<u>5,364,722</u>	<u>4,734,575</u>

None of the employees emoluments were in excess of £60,000. 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 (2005 - £0)

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 centered services. Three people, Sylvia Archibald, Donald Todd and Allan Sinclair were co-opted onto the Board in April 2006. These 3 people are supported by ELCAP. There are also two trustees, Tony Sabine and Ann Steadman, who are parents of service users supported by ELCAP. The trustees are not remunerated as trustees

The support contract for each of the three service-user Trustees and the relatives of the two parents/ trustees 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 £19 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.

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2006

7. Tangible fixed assets

Cost or valuation	Heritable Land and Buildings £	Leasehold Improvements £	Furniture & Furnishings £	Office Equipment £	Total £
At 1 April 2005	2,541,444	55,501	354,185	254,063	3,205,193
Additions	46,282	-	1,467	10,163	57,912
Disposals	-	-	(311,468)	-	(311,468)
At 31 March 2006	<u>2,587,726</u>	<u>55,501</u>	<u>44,184</u>	<u>264,226</u>	<u>2,951,637</u>
Depreciation					
At 1 April 2005	433,071	43,848	328,886	219,194	1,024,999
Charge for year	50,349	11,364	3,551	19,584	84,848
Disposals	-	-	(291,254)	-	(291,254)
At 31 March 2006	<u>483,420</u>	<u>55,212</u>	<u>41,183</u>	<u>238,778</u>	<u>818,593</u>
Net book value					
At 31 March 2006	<u><u>2,104,306</u></u>	<u><u>289</u></u>	<u><u>3,001</u></u>	<u><u>25,448</u></u>	<u><u>2,133,044</u></u>
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>

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 2006 was £112,132 (2005 - £140,134).

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 2006 amounted to £102,599 (2005 - £110,274)

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2006

8. Debtors	2006	2005
	£	£
Amounts falling due within one year		
Debtors	521,171	176,778
Provision for doubtful debts	(20,406)	(1,504)
Prepayments and accrued income	27,102	16,719
Other debtors	13,905	250
	<hr/>	<hr/>
	541,772	192,243
	<hr/> <hr/>	<hr/> <hr/>
9. Creditors: Amounts falling due within one year	2006	2005
	£	£
Trade creditors	61,816	85,261
Tax and Social Security	142,957	122,891
Income in advance	9,795	9,795
Accruals and sundry creditors	123,347	107,277
Bank loans and overdrafts	102,599	110,274
	<hr/>	<hr/>
	337,915	325,224
	<hr/> <hr/>	<hr/> <hr/>
10 Creditors: Amounts falling due after more than one year	2006	2005
	£	£
Loans	102,599	110,274
	<hr/>	<hr/>
	102,599	110,274
	<hr/> <hr/>	<hr/> <hr/>

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2006

11. Operating Fund, Designated and Restricted Reserves	Balance at 1 April 2005 Restated	Incoming Resources	Resources Expended	Transfers	Gains and losses	Balance at 31 March 2006
	£	£	£	£		£
Property Equity	2,180,194	-	-	(47,150)		2,133,044
Contingency	1,054,998	65,332	-	-		1,120,330
Change	342,760	-	-	(153,762)	(1,992)	187,006
Pension	(547,000)	-	-	-	(163,000)	(710,000)
Total Designated	3,030,952	65,332	-	(200,912)	(164,992)	2,730,380
Property Management	239,069	203,134	(323,188)	50,349	-	169,364
Total Restricted	239,069	203,134	(323,188)	50,349	-	169,364
Total Reserves	3,270,021	268,466	(323,188)	(150,563)	(164,992)	2,899,744
Operating Fund	81,134	6,014,591	(6,165,154)	150,563	-	81,134
	3,351,155	6,283,057	(6,488,342)	-	(164,992)	2,980,878

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 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.

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

The Pension Reserve reflects the net pension liability.

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2006

12. Commitments

Annual commitment of operating leases expiring	2006	2005
	£	£
Within one year	-	3,000
Within two to five years	-	-
After more than five years	12,000	12,000

Capital commitments	2006	2005
	£	£
Authorised but not contracted for:	-	-
Authorised and contracted for:	7,908	54,130

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. 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.

The most recent valuation of the fund was at 31 March 2006, by Hymans Robertson, independent actuaries.

The main assumptions used in the calculations are:

Assumptions as at	31 Mar 2006	31 Mar 2005	31Mar 2004
	% p.a.	% p.a.	% p.a.
Price Increases	3.1%	2.9%	2.9%
Salary Increases	4.6%	4.4%	4.4%
Pension Increases	3.1%	2.9%	2.9%
Discount Rate	4.9%	5.4%	5.5%

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2006

Assets (Employer)	31 March 2006		31 March 2005		31 Mar 2004	
	Long Term Return % p.a.	Assets £000	Long Term Return %p.a.	Assets £000	Long Term Return % p.a.	Assets £000
Equities	7.4%	2,610	7.7%	1,640	7.7%	1,380
Bonds	4.6%	190	4.8%	140	5.1%	100
Property	5.5%	340	5.7%	200	6.5%	130
Cash	4.6%	50	4.8%	80	4.0%	20
Total Market Value of Assets		3,180		2,062		1,635
Present Value of Scheme of Liabilities		3,890		2,609		2,182
Net Pension liability		(710)		(547)		(547)

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

	31 Mar 2006 £000	31 Mar 2005 £000
Service Cost (A)	171	192
Expected Return on Employer Assets	154	130
Interest on Pension Scheme Liabilities	(146)	(127)
Net Return (B)	8	3
Net Revenue Account Cost (A)-(B)	163	189

Analysis of Amount in statement of Financial Activities (Sofa)

	Year Ended 31 March 2006 £000	Year Ended 31 March 2005 £000
Actual Return Less Expected Return on Pension Scheme Assets	492	59
Experience Gains and Losses Arising on Scheme Liabilities	(111)	1
Changes in Financial Assumptions Underlying the Present Value of the Scheme Liabilities	(555)	(60)
Actuarial Gain/ (Loss) in Pension Plan recognised in SOFA	(174)	-

Movement in Deficit During the Year

	Year to 31 March 2006 £000	Year to 31 March 2005 £000
Deficit at Beginning of the Year	(547)	(547)
Current Service Cost	(171)	(192)
Employer Contributions	174	189
Net Return on Assets	8	3
Actuarial Gains/(Losses)	(174)	-
Deficit at End of Year	(710)	(547)

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2006

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	492	15.5%	59	2.9%
Experience Gains/(Losses) on Liabilities	(111)	(2.8%)	1	0.0%
Total Amount Recognised in Sofa	(174)	(4.5%)	-	-

The pension charge for the period was £171,000 (2005 - £192,000). The contribution of the company was 18.9% (2005 - 18%). The employees' contribution has been 6% (2005- 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 £7,781 (2005 - £12,204). The charge for the year was £25,582 but a refund of £16,802 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% (2005 - 14%). 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 £3,838 (2005 - £3,382).

Outstanding contributions at the balance sheet date were £612 (2005 - £505)

ELCAP

Notes to the Financial Statements - continued

For the year ended 31 March 2006

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 £2,567 (2005- £3,035).

Outstanding contributions at the balance sheet date were £359 (2005 - £408)

14. Membership	2006	2005
At 1 April 2005	107	100
New members	7	7
Resignations	(7)	-
	<hr/>	<hr/>
At 31 March 2006	107	107
	<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 107 members. (2005 - 107 members).

16. Investments	Listed 2006	Listed 2005
	£000	£000
Market Value at 01/4/05	220	-
Additions /(disposals)	133	214
Unrealised gain /(loss) on revaluation	3	6
	<hr/>	<hr/>
Market Value at 31/3/06	356	220
	<hr/> <hr/>	<hr/> <hr/>

ELCAP

Trustees and Advisors

For the year ended 31 March 2006

Trustees & Advisors

Registered Office & Principal Office

Woodbine Cottage
West Loan
Prestonpans
East Lothian
EH32 9NU

Recognised Charity No. Company No.

SC003159
SC116745

Executive Director and Secretary

Linda Headland

Executive Board Members

Re-appointed 05/11/2005

Iain Gray (Chair from 12/5/05)

Re-appointed 05/11/2005

Liz Foy (Chair until 12/5/05)

Re-appointed 05/11/2005

Margaret McKay

Re-appointed 05/11/2005

Drew Morris

Re-appointed 05/11/2005

Tony Sabine

Re-appointed 05/11/2005

Ann Steadman

Re-appointed 05/11/2005

Ian Hamilton

Re-appointed 05/11/2005

Judith Lowes

Re-appointed 05/11/2005

Paul Dickens

Re-appointed 05/11/2005

Sandra Hands

Appointed 05/11/2005

Robert McNeill

Co-opted 13/04/2006

Sylvia Archibald

Co-opted 13/04/2006

Donald Todd

Co-opted 13/04/2006

Allan Sinclair

Resigned 12/04/2006

Patricia Scott

Resigned 05/11/2005

Freda Jamieson

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



ELCAP

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

Charity number: SCO03159 Reg number: 116745