Financial Statements
Community Lifestyles Limited
(a company limited by guarantee)

For the year ended 31 March 2012

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Charity No. SC 028041
Company Registration Number SC186901

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Legal and administrative details

Company registration number:	SC186901
Scottish Charity registration number:	SC 028041
Registered office:	77 Renfrew Street Glasgow G2 3BZ
Directors:	Angus Turner Susan Hunter Anne Finnegan William Mooney Dr Elspeth McCue John Cameron
Secretary:	Angus Turner
Bankers:	Clydesdale Bank plc 120 Bath Street Glasgow G2 2EN
Solicitors:	Brechin Tindal Oatts 48 St Vincent Street Glasgow G2 5HS
Auditors:	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1-4 Atholl Crescent EDINBURGH EH3 8LQ

Report of the directors (continued)

The directors present their annual report and the audited financial statements for the year ended 31 March 2012.

Status

Community Lifestyles Limited is a company limited by guarantee, incorporated in August 1995 and registered as a charity on 30 July 1998. The company was established under a memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Community Lifestyles is a subsidiary of Key Housing Association Limited.

Objectives

The main objective of Community Lifestyles Limited (Community Lifestyles) is to support people with learning disabilities to live full and active lives in their local communities through the provision of individual person centred support arrangements in home and community settings.

Community Lifestyles Limited is committed to adopting a person centred approach in developing support arrangements, and in its ongoing response to individual needs. Flexible support, providing long-term commitment to the individual and social inclusion opportunities based on the development of friendship and community support networks, underpins the service provided.

Organisation

The board of directors, which can have up to eleven members and no fewer than two, administers the company and meets six times a year. The Chief Executive of Key Housing Association is appointed by the board to manage the day to day operations of the company. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the directors, for operational matters including finance, employment and service provision activities. The present Chief Executive is Malcolm Matheson.

Risk Assessment

The directors have considered the major risks to which the charity is exposed. They have assessed these risks and ensured that adequate controls have been established to mitigate these risks. The principal risks and uncertainties facing the Company include: health and safety; continuity of funding and the recruitment, retention and training of staff.

Community Lifestyles – Review of Activities

Community Lifestyles has continued to focus its work in Glasgow, providing highly individualised support to people with often very complex needs. At 31 March 2012, Community Lifestyles supported 297 (2011 283) people across Glasgow, and employed 397 (2011 399) contracted staff, (94 full time and 303 part-time) and on average a further 60 staff on a relief basis, to provide support and the management of that support.

The main issue affecting the work of Community Lifestyles over the past year has been the implementation of Self Directed Support (SDS) by Glasgow City Council. This was done in a wholesale manner affecting everyone with learning disabilities in Glasgow.

The process involved the completion of Self Assessment Questionnaires (completed during 2010/11), the setting of an Individual Budget for each person by the Council, and the development of an Outcome Based Support Plan based on that Individual Budget.

The first tranche of people (approximately half of the people supported by Community Lifestyles) were affected from 1 May 2011, when the new budgets and plans commenced. The effect of this process has

Report of the directors (continued)

generally been a reduction in the funding for each individual, and a subsequent reduction in the hours of support provided. This was reflected in the first quarter of the year, when there was a reduction of 1194 hours per week in support provided. The reduction was offset in some cases by Community Lifestyles providing support to replace day support previously provided by the Council in local authority Centres.

The rate of reduction in support provided fell over the rest of the year, and by 31 March 2012 there had been a total reduction of 1721 hours per week. Some of this reduction was a reflection of people no longer supported (28) but most related to reductions in support through the Self Directed Support implementation.

This reduction was offset by new support arrangements for 38 people, with a total of 1183 hours per week, and hence there was a net reduction of 538 hours per week in support provided over the course of the year, although there was a net increase of 10 in the number of people supported.

It is anticipated that the people awaiting an individual budget (approximately 150) will be taken forward during 2012/13, and that there will be a similar effect on their funding and support as previously, although many of these people currently have relatively low levels of support.

Another consequence of the funding constraints and support reductions arising from the implementation of SDS in Glasgow was that a recruitment freeze was maintained and a programme of voluntary severance was offered. This was taken up by 6 Team Leaders and 8 Support Workers.

In the course of the year Community Lifestyles was successful in a submission to take over a number of support arrangements previously provided by Choices Care (which went into administration) and 7 support arrangements were taken over, with 9 staff transferring under TUPE regulations.

Community Lifestyles continued to develop its training programme at its base in the Crowngate Business Centre in Brook Street in the East End of Glasgow, which includes training facilities as well as office space for the Support and Development Team. In line with the Training and Learning Strategy adopted in 2008, there has continued to be significant progress, supported by Key's Staff Development and Learning section, and a number of service users as co-trainers on the "Introduction to Practice" induction programme.

Over the past year, our focus has continued to be supporting Managers and Supervisors to gain a relevant Care Qualification recognised by the SSSC. All Community Lifestyles Support and Development Officers (SDO's), Assistant SDO's and 60% of Team Leaders now have a relevant Care Qualification and 9 Team Leaders are currently undertaking an SVQ3 in Health and Social Care.

Our Assessment Team continues to grow with 4 Team Leaders taking on additional Assessment roles to offer Support Workers opportunities to undertake an SVQ2 Health and Social Care. This makes a total of 7 Assessors, 3 of which have now achieved an Assessor Qualification. The Assessment Team continue to be supported by our Internal Verifier, who herself has achieved a Verifier Qualification this year.

Further developments arising from the 2010/11 research work were delayed by the intensity of the SDS related work in 2011/12, but work is now progressing on an action plan to take forward a range of issues highlighted in the report.

Business review and future developments

The net income for the year to 31 March 2012 was £512,016 (2011 £234,483). £78,535 (2011 £127,134) is the net transfer to the designated reserves for future training commitments, support related maintenance and quality assurance. £433,481 has been transferred to the remaining unrestricted funds

Report of the directors (continued)

account. The unrestricted funds represent funds arising from past operating results. It also represents the free funds of the company.

These additions to the funds of Community Lifestyles will provide working capital for the continuing charitable operations.

Community Lifestyles will strive to continue to support adults with learning difficulties within Glasgow as well as developing new services through partnership working with the local commissioning body.

Reserves

Community Lifestyles has reserves designated for specific purposes as well as free reserves. As at 31 March 2012, the balances of the designated reserves were £1,334,588 (2011 £1,256,053) and the free reserves were £2,810,994 (2011 £2,377,513).

Community Lifestyles has a reserves policy. The purpose of the policy is to explain the need for each reserve, the levels of reserve considered necessary, the plan to establish or maintain the reserves at the agreed level and arrangements for monitoring and reviewing the policy itself.

Community Lifestyles has three designated reserves. The training reserve was established in March 2005 to meet future training costs and the requirements of the SSSC for the accreditation of the workforce. The level of the reserve as at 31 March 2012 is considered adequate to meet these future costs.

The reserve for support related maintenance has been set up in line with this reserves policy to meet future related adaptations over the next 10 years. The current level of reserve is considered adequate to meet these requirements.

The reserve established in 2008 to fund research and the development of quality assurance systems within Community Lifestyles has already been partially utilised to fund the initial phase of this work. The level of this reserve is considered appropriate and necessary in the light of the significant growth in services in recent years (and the expected continuation of such growth), and the need to develop quality assurance processes that are congruent with and enhance the ethos of personalised services.

The requirement for a free reserve for Community Lifestyles is to accommodate any fluctuations in funding, have a provision for future redundancy costs, and enable future SVQ expenditure. With the overriding need for a reasonable element of working capital, it was agreed that an acceptable level of free reserve is between two and three months running costs. The current level of £2,810,994 is in line with this policy and is reviewed on an annual basis. All reserve levels are reviewed annual by the directors in light of usage and change in circumstances.

Employee involvement

The charity has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the charity. This is achieved through team briefings at area and local service levels.

In accordance with Community Lifestyles' aim of providing individualised support, employees are normally part of a small team supporting one or two people, and the focus for involvement is firstly at the level of the individual support arrangement. Wider issues are disseminated through the Support and Development Team (which meets regularly) to Team Leaders, who then brief individual teams, and also through the Annual Review.

Report of the directors (continued)

Employment of people with disabilities

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Appointment of directors

Any person who wishes to be considered for appointment as a director at an annual general meeting shall lodge with the Company a written notice of his willingness to be appointed. At an annual general meeting the Company may by ordinary resolution appoint as a director any person in respect of whom a written notice of willingness to accept such an appointment has been received.

The directors may at any time appoint any person to be a director either to fill a vacancy or as an additional director.

At each AGM all directors who have been appointed by the directors since the last AGM shall retire from office and out of the remaining directors one third shall retire from office. The Company may at any AGM by ordinary resolution re-appoint any director who retires from office at the meeting.

Director induction and training

New directors undergo orientation to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the board and decision making processes, the business plan and recent financial performance of the company. During the induction process they meet key employees and other directors.

Directors

The directors, listed below, had no interest in the Company during the period.

Angus Turner
Susan Hunter
Anne Finnegan
William Mooney
Dr Elspeth McCue
John Cameron

The directors are appointed by the members and are fully responsible for the management of the Company. The sole member, Key Housing Association Limited, has the right of representation at annual general meetings. The directors of the company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the directors.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom General Accepted Accounting Practice).

Report of the directors (continued)

The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate and proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware
- 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 that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

After making enquiries, the board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditors

Grant Thornton UK LLP offer themselves for reappointments as auditors in accordance with section 485(4) of the Companies Act 2006.

By order of the Board on 13 August 2012.



Angus Turner
(Secretary)

Grant Thornton

Independent auditor's report to the directors and members of Community Lifestyles Limited

We have audited the financial statements of Community Lifestyles Limited for the year ended 31 March 2011 which comprise the principal accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's directors and members, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006, Our audit work has been undertaken so that we might state to the charitable company's directors and members those matters which 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 charitable company and its directors and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors (who are also the trustees of the charitable company for the purposes of trust law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the charitable company and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Annual report for the financial year for which the statements are prepared is consistent with the financial statements.

Grant Thornton

Independent auditor's report to the directors and members of Community Lifestyles Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- The charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP 22/8/12.

Robert Hannah
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of financial activities

	Notes	Unrestricted Funds 2012 £	Unrestricted Funds 2011 £
Incoming resources			
Incoming resources from charitable activities: grants receivable		**10,117,111**	10,274,385
Incoming resources from generated funds: investment income		**44,112**	31,034
		10,161,223	10,305,419
Resources expended			
Charitable activities		**9,638,760**	10,061,513
Governance costs	2	**10,447**	9,423
Total resources expended		**9,649,207**	10,070,936
Net income for the year		**512,016**	234,483
Total funds brought forward		**3,633,566**	3,399,083
Total funds carried forward		**4,145,582**	3,633,566

There were no recognised gains or losses for the year, other than the net income for the year.

The results for the year relate wholly to continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet

	Notes	2012 £	2011 £
Fixed Assets			
Tangible fixed assets	5	**17,715**	20,796
Current Assets			
Debtors	6	**1,605,089**	785,727
Cash at bank and in hand		**3,233,908**	3,964,638
		4,838,997	4,750,365
Liabilities			
Creditors: amounts falling due within one year	7	**711,130**	1,137,595
Net current assets		**4,127,867**	3,612,770
Total assets less current liabilities		**4,145,582**	3,633,566
Represented by			
Designated reserve	9	**1,334,588**	1,256,053
General reserve	8	**2,810,994**	2,377,513
		4,145,582	3,633,566

These financial statements were approved by the Board on 13 August 2012.

Angus Turner (Director)

William Mooney (Director)

The accompanying accounting policies and notes form an integral part of these financial statements.

Company registration number: SC186901

Cash flow statement

	Notes	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	16	**(773,897)**	489,782
Returns on investments and servicing of finance			
Interest received		**44,112**	31,034
Purchase of fixed assets		**(945)**	(4,148)
(Decrease)/Increase in cash	17	**(730,730)**	516,668

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting and Reporting by the Charities SORP (the SORP) issued in 2005, applicable accounting standards, the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are as follows:

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:

- grants are recognised when the charity become unconditionally entitled to the grant
- grants of a revenue nature are credited to the Statement of Financial Activities in the year they are receivable
- investment income is included when receivable.

Resources expended

Expenditure, which is charged on an accruals basis is allocated between:

- charitable expenditure, which comprises those costs incurred in the delivery of its activities and services and includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them
- governance costs, which includes those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on the following basis:

Office equipment and furniture	-	10% per annum reducing balance method
Computer equipment	-	25% per annum reducing balance method

Depreciation is charged on these fixed assets from the year of purchase but no charge is made in the year of disposal.

Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Restricted funds are to be used for specific purposes laid down by the donor.

Designated reserves

Designated reserves are unrestricted funds earmarked by the directors for specific purposes.

Notes to the financial statements (continued)

Training reserve
The training service was established to fund a number of future training costs and related posts to ensure that adequate training is available to full and part-time staff. The training reserve also includes funding for future costs associated with the development of the Scottish Vocational Qualifications in Social Care for support staff in recognition of the requirements of the Scottish Social Service Council.

Support related maintenance reserve
A reserve was established to fund future maintenance requirements resulting from particular support needs of service users for which there is no other funding resource available.

Reserve for quality assurance development
A reserve was established to fund research and development of quality assurance systems for Community Lifestyles Limited.

Retirement Benefits

Defined benefit scheme
Community Lifestyles participates in the centralised SFHA defined benefits pension scheme. Retirement benefits to employees of the company are funded by contributions from all participating employers and employees. The company is unable to identify its share of the underlying assets and liabilities.

Contributions are made in accordance with period calculations by consulting actuaries and are based on pension costs applicable across all participants taken as a whole.

The expected cost of pension provision is charged to the income and expenditure account so as to spread the cost over the period of service of employees.

Defined contribution pension scheme
Community Lifestyles also participates in a defined contribution scheme. The pension costs charged to the statement of financial activities are the contributions payable to the scheme in respect of the financial year.

Operating leases
Rentals applicable to operating leases where benefits of ownership remain with lessor are charged as expenditure on a straight line over the period of the lease.

2 Net Incoming resources for the year

	2012 £	2011 £
This is stated after charging:		
Auditors' remuneration: audit services	**7,200**	7,131
Operating lease costs: land and buildings	**43,140**	43,140

Notes to the financial statements (continued)

	2012 £	2011 £
The main components of expenses are:		
Charitable activities:		
Direct salaries	**8,797,925**	9,052,876
Management expenses	**603,659**	623,277
Other support related expenditure	**237,176**	385,360
	9,638,760	10,061,513
Governance costs:		
Audit fees	**7,200**	7,131
Management expenses	**3,247**	2,292
	10,447	9,423

3 Directors and employees

No remuneration or reimbursement of expenses was paid to the directors for their services during this time.

	2012 £	2011 £
Staff costs during the period:		
Wages and Salaries	**8,090,033**	8,298,138
Pension costs	**32,434**	24,309
Social Security costs	**675,458**	730,429
	8,797,925	9,052,876
Average number of persons employed:		
- Support staff	**458.5**	471
Full time equivalent numbers:		
- Support staff	**346**	355

No employee of Community Lifestyles received emoluments greater than £50,000 for the year.

Retirement Benefits

Defined benefit scheme

Community Lifestyles Limited participates in the SFHA pension scheme (the "scheme"). The scheme is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather

Notes to the financial statements (continued)

than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

If the actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the valuation it was agreed that the shortfall would be dealt with by the payment of additional contributions with effect from 1 April 2011. Total contributions increased from 23.1% of pensionable salaries to 29.6% (including 10.4% contribution towards the past service deficit). Employee contributions increased from 7.7% to 9.6% and employer contributions increased from 15.4% to 20%. Following an assessment of employer covenants, members of the Final salary 60th scheme will transfer to a Career Average Revalued Earnings with a 1/120th accrual rate from 1 April 2012. Contribution rates will change to 4.7% employer and 4.7% employee with additional contributions towards past service deficit. Members will be contracted back into the second state pension.

At the year end there was £3,884 (2011 £2,826) pension contributions outstanding. This represents one month's contributions. Total employer contributions were £39,420 (2011 £32,434).

As at the balance sheet date there were 7 active members of the scheme employed by Community Lifestyles Limited.

Community Lifestyles Limited continues to offer membership to its employees.

Defined contribution scheme

Community Lifestyles Limited also offers a defined contribution pension scheme. Employer contributions for the year were £3,014 (2011 £2,826). Included in the creditors as at 31 March 2012 is £391 (2011 £494) in respect of the defined contribution scheme. This represents one month's contribution.

As at the balance sheet date there were 5 active members of the scheme employed by Community Lifestyles Limited.

4 Taxation

No taxation has been provided in the accounts as Community Lifestyles Limited is a registered charity (No SC028041).

Notes to the financial statements (continued)

5 Tangible Fixed assets

	Computers and Office Equipment	Total
	2012 £	2012 £
Cost		
At 1 April 2011	41,282	41,282
Additions	945	945
At 31 March 2012	42,227	42,227
Less: Depreciation		
At 1 April 2011	20,486	20,486
Charge for year	4,026	4,026
At 31 March 2012	24,512	24,512
Net book value		
At 31 March 2012	17,715	17,715
At 31 March 2011	20,796	20,796

6 Debtors

	2012 £	2011 £
Grant debtors	1,542,672	747,147
Sundry debtors	53,039	32,421
Intercompany debtor	9,378	6,159
	1,605,089	785,727

Notes to the financial statements (continued)

7 Creditors: amounts falling due within one year

	2012 £	2011 £
Sundry creditors	**20,735**	18,039
Amounts owed to group companies:		
Related party	**4,404**	2,396
Taxation and social security	**339,149**	368,079
Accruals and deferred income	**346,842**	749,081
	711,130	1,137,595

8 Reconciliation of free reserves

	2012 £	2011 £
Free reserve balance at 1 April 2011	**2,377,513**	2,270,164
Net income for the year	**512,016**	234,483
Less: transfer to designated reserves	**(78,535)**	(127,134)
Free reserve balance at 31 March 2012	**2,810,994**	2,377,513

9 Designated reserves

	Support Related Maintenance Reserve £	Training Reserve £	Reserve for Quality Assurance & Development £	Total £
Balance at 1 April 2011	130,965	1,022,611	102,477	1,256,053
Transfer from revenue account	-	89,656	-	89,656
Transfer to revenue account	(11,121)	-	-	(11,121)
Balance as at 31 March 2012	**119,844**	**1,112,267**	**102,477**	**1,334,588**

The transfer to the training reserve is to meet future training costs and the requirements of the SSSC for the accreditation of the workforce. The level of the reserve as at 31 March 2012 is considered adequate to meet these future costs.

The transfer from the support related maintenance reserve was to meet support related adaptations falling outwith the revenue funding streams.

Notes to the financial statements (continued)

10 Capital commitments

The company had no capital commitments at 31 March 2012 or 31 March 2011.

11 Contingent liabilities

The company had no contingent liabilities at 31 March 2012 or 31 March 2011.

12 Related party transactions

Transactions during the year with related parties are as follows:

A management recharge has been paid to Key Housing Association Limited totalling £578,274 (2011 £538,358) representing staff costs and other overheads.

Included in the creditors at the year end is £4,404 (2011 £2,396) payable to Key Housing Association Limited and included in the debtors at the year end is £9,378 (2011 £6,159) receivable from Key Housing Association.

13 Charitable status

The company received charitable status on 30 July 1998. The company's charity registration number is SC028041.

14 Members' liability

The liability of the members is limited. Each member undertakes to contribute up to £1 to the assets of the company in the event of it being wound up.

15 Operating lease commitments

	Land & Buildings 2012 £	Land & Buildings 2011 £
One year or less	-	
Between two and five years	43,140	43,140
	43,140	43,140

16 Reconciliation of net income to net cash flow from operating activities

	2012 £	2011 £
Net income in year	512,016	234,483
Add depreciation	4,026	5,051
Less interest receivable	(44,112)	(31,034)
	471,930	208,500
(Increase) / Decrease in debtors	(819,362)	168,858
(Decrease)/Increase in creditors	(426,465)	112,424
	(773,897)	489,782

Notes to the financial statements (continued)

17 Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
(Decrease)/Increase in cash in the year and change in net funds	**(730,730)**	516,668
Net funds at 1 April 2011	**3,964,638**	3,447,970
Net funds at 31 March 2012	**3,223,908**	3,964,638

18 Analysis of change in net funds

	At 1 April 2011 £	Cash Flows £	At 31 March 2012 £
Cash at hand	3,964,638	(730,730)	**3,233,908**
	3,964,638	(730,730)	**3,233,908**

19 Key Housing Association Limited

Key Housing Association Limited is the sole member of Community Lifestyles Limited.

Key Housing Association is a registered social landlord. The registered address of Key Housing Association Limited is Savoy Tower, 77 Renfrew Street, Glasgow, G2 3BZ.