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HOPSCOTCH HOLIDAYS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2003



HOPSCOTCH HOLIDAYS

DIRECTORS:	D W Taylor W Barr A Thomson R Maclean of Ardgour
SECRETARY:	R M E McKay
REGISTERED NUMBER:	190828
REGISTERED ADDRESS:	1 Royal Terrace Edinburgh EH7 5AD
REGISTERED CHARITY NUMBER:	SC 028660
AUDITORS:	Blueprint Audit Limited 1 Royal Terrace Edinburgh EH7 5AD
ACCOUNTANTS AND BUSINESS ADVISERS:	Tenon Limited 1 Royal Terrace Edinburgh EH7 5AD
BANKERS :	The Royal Bank of Scotland plc 12 North - West Circus Place Edinburgh EH3 6SX

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2003

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**HOPSCOTCH HOLIDAYS
REPORT OF THE DIRECTORS
YEAR ENDED 31ST OCTOBER 2003**

The directors, who are the trustees have pleasure in presenting their report and the audited financial statements for the year ended 31st October 2003.

STATEMENT OF DIRECTORS' 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 of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

HopScotch Holidays is a Scottish charitable organisation dedicated to providing FREE holidays for severely disadvantaged children living in Scotland. Our holidays take place at Ardvullin, our Holiday Centre in Ardgour.

In March 2003 ownership of Ardvullin was transferred from the Seedling Foundation to HopScotch Holidays.

Our 2003 Holiday Season was our most successful ever, providing a total of 300 children with a holiday. Many of the children who came to Ardvullin are burdened by real and serious problems and a week away gives them the chance to learn and develop in a safe and positive environment. The children learn about the countryside, about team work, decision making and practical skills, in addition to being able to address their own personal problems and the hurdles they need to overcome to cope with their everyday lives.

We know from feedback we obtain that the children derive great and lasting benefit from the holidays.

Hopscotch has come a long way since we started five years ago and this is entirely due to the support we have received from charitable trusts, companies and individuals. Hopscotch does not receive any central or local government funding.

The charity made a surplus for the year before the transfer of Ardvullin of £6,761(2002: £27,457). Including the transfer of Ardvullin during the year has resulted in the surplus being increased by the open market valuation of the property of £350,000 to £356,761, although this is purely a non-cash movement.

The company is limited by guarantee having no share capital and is governed by a Memorandum and Articles of Association dated 12th February 1999. The company is registered as a charity in Scotland.

The directors have elected to dispense with the use of the word 'Limited' from the company name.

The directors confirm that the company's assets are available and adequate to fulfil the obligations of the company.

**HOPSCOTCH HOLIDAYS
REPORT OF THE DIRECTORS
YEAR ENDED 31ST OCTOBER 2003**

DIRECTORS

The directors who held office during the year were as follows:

Derek William Taylor
William Barr
Anne Thomson
R Maclean of Ardgour

RISK MANAGEMENT

The directors have assessed the major risks to which the charity is exposed, in particular to those relating to the operations and finances of the charity, and are satisfied that systems are in place to mitigate exposure to the major risks.

RESERVES POLICY

The directors maintain a free reserve to be utilised in fulfilling the charity's objectives, as well as meeting all future needs, opportunities, contingencies and risks.

AUDITORS

The auditors, Blueprint Audit Limited, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

SPECIAL EXEMPTIONS

Advantage has been taken in the preparation of the report of the directors of the special exemptions applicable to small companies conferred by Part VII of the Companies Act 1985.

APPROVAL

The report of the directors was approved by the Board on 30th June 2004 and signed on their behalf by


Derek Taylor
Director

30 June 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOPSCOTCH HOLIDAYS

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

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 DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOPSCOTCH HOLIDAYS**

OPINION

In our opinion the financial statements give true and fair view of the state of affairs of the charitable company at 31st October 2003 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date *28th July 2004*
1 Royal Terrace
Edinburgh
EH7 5AD

Blueprint Audit Limited
Blueprint Audit Limited
Registered Auditors

HOPSCOTCH HOLIDAYS

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER 2003

	<i>Notes</i>	2003 £	2002 £
INCOME :			
Grants and donations	2	113,737	126,529
Transfer of property	2	350,000	-
Gifts in kind		-	24,900
Interest receivable		182	127
Sundry income		3,543	672
		467,462	152,228
DIRECT CHARITABLE EXPENDITURE	3	63,461	65,171
FUNDRAISING EXPENDITURE	4	19,524	23,840
ADMINISTRATIVE EXPENDITURE	5	27,716	35,760
SURPLUS FOR THE YEAR	12	356,761	27,457

The company had no other recognised gains or losses for the two years ended 31st October 2003. All operations are continuing.

HOPSCOTCH HOLIDAYS

BALANCE SHEET AS AT 31ST OCTOBER 2003

	Notes	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible assets	8		390,411		52,540
CURRENT ASSETS					
Debtors	9	6,578		2,378	
Cash in hand and at bank		<u>18,213</u>		<u>18,832</u>	
		24,791		21,210	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>21,726</u>		<u>37,035</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>3,065</u>		<u>(15,825)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>393,476</u>		<u>36,715</u>
Financed by:					
CAPITAL AND RESERVES					
Restricted funds	12		350,000		-
Unrestricted funds	12		<u>43,476</u>		<u>36,715</u>
			<u>393,476</u>		<u>36,715</u>

Advantage has been taken in the preparation of the financial statements of the special exemptions conferred by Part VII of the Companies Act 1985 on the grounds that the company qualifies as a small company.

The financial statements were approved by the Board on 30th June 2004 and signed on its behalf by


Derek William Taylor
Director

HOPSCOTCH HOLIDAYS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2003

1 Accounting policies

Basis of Accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards and the Charity SORP, except that that the Statement of Financial Activities has been shown as a note to the financial statements rather than as a primary statement.

The company has taken advantage of the exemptions in FRS 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Grants and donations

Grants and donations are credited to the income and expenditure account when they become due and there is a reasonable expectation of receipt.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Heritable Property	Nil
Furniture and Fittings, Office Equipment, and Building Improvements	33% straight line
Motor Vehicles	25% straight line
Adventure Playground	10% straight line

No depreciation is provided on the company's heritable property. It is the directors' belief that the residual value of the property is at least equal to the book value. Having regard to this, it is considered that the depreciation of any such property as required by the Companies Act 1985 and standard accounting practice would not be material.

Salary costs

Salary costs are allocated between charitable, fundraising and administration costs on the basis of the time spent by each employee in each cost category.

2 Grants and donations receivable	2003	2002
	£	£
Donations	70,737	95,827
Transfer of property	350,000	-
Grants	43,000	30,702
	<u>463,737</u>	<u>126,529</u>

In March 2003 ownership of Ardvullin was transferred from the Seedling Foundation to HopScotch Holidays. The property has been incorporated in the accounts at a valuation of £350,000 based on an open market valuation.

HOPSCOTCH HOLIDAYS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2003

3 Direct charitable expenditure - provision of holidays

	£	£
Travel and minibus hire	7,332	11,692
Wages	34,229	27,506
Heat, light, and telephone	3,342	5,536
Property rates	(724)	2,246
Property repairs	299	2,811
Cleaning and laundry	72	258
Depreciation	11,592	10,100
Sundry equipment	2,168	2,220
Other holiday costs	5,151	2,802
	<u>63,461</u>	<u>65,171</u>

4 Fundraising expenditure

	2003	2002
	£	£
Wages	18,514	22,625
Advertising and publicity	473	682
Depreciation	537	533
	<u>19,524</u>	<u>23,840</u>

5 Administrative expenditure

	2003	2002
	£	£
Office rent	3,938	4,640
Office salaries	11,048	6,882
Payment to former employee	-	4,460
Office expenses	1,875	2,474
Office equipment rental	2,696	2,324
Printing, stationery and advertising	1,394	2,252
Insurances	2,912	2,913
Legal and professional fees	1,107	7,619
Accountancy and taxation fees	825	725
Auditors' remuneration	350	350
General expenses	606	1,121
Recruitment	965	-
	<u>27,716</u>	<u>35,760</u>

6 Taxation

No provision for corporation tax has been made due to the charitable status of the company.

HOPSCOTCH HOLIDAYS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2003

7 Employees and employee costs

The company had five employees (2002: five employees) during the year. Gross emoluments paid to the employees during the year were £63,791 (2002: £57,013).

None of the directors received any remuneration during the year for serving as directors of the company, or were reimbursed for expenses.

8 Tangible Fixed assets

	Heritable Property	Motor Vehicles £	Furniture and Fittings £	Office Equipment £	Building Improvements £	Adventure Playground £	Total £
COST							
As at 01.11.02	-	29,000	15,459	2,643	5,977	30,577	83,656
Additions	350,000	-	-	-	-	-	350,000
At 31.10.03	350,000	29,000	15,459	2,643	5,977	30,577	433,656
DEPRECIATION							
As at 01.11.02	-	5,800	15,459	2,106	4,693	3,058	31,116
Charge for year	-	7,250	-	537	1,284	3,058	12,129
At 31.10.03	-	13,050	15,459	2,643	5,977	6,116	43,245
NBV at 31.10.03	350,000	15,950	-	-	-	24,461	390,411
NBV at 01.11.02	-	23,200	-	537	1,284	27,519	52,540

Office equipment is used in an administrative and fundraising capacity. All other fixed assets are used in direct charitable activities.

	2003 £	2002 £
9 Debtors		
Sundry debtors and prepayments	6,578	2,378
	<u>6,578</u>	<u>2,378</u>
	2003 £	2002 £
10 Creditors: Amounts falling due within one year		
Other taxes and social security costs	1,629	1877
Accruals and deferred income	20,098	35,158
	<u>21,726</u>	<u>37,035</u>

11 Members

The company is limited by guarantee and has no share capital.
All members and directors are liable to pay £1 each towards liabilities, in the event of winding up.
There were four members of the company during the year.

HOPSCOTCH HOLIDAYS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2003

12 Statement of financial activities

	Restricted Funds £	Unrestricted Funds £	Total £
Incoming resources:			
Donations, legacies and similar income	393,000	74,462	467,462
Outgoing resources:			
Costs of generating funds (note 4)	-	(19,524)	(19,524)
Charitable expenditure:			
Costs of activities in furtherance of the charity's objects (note 3)	(34,229)	(29,232)	(63,461)
Management and administration expenditure (note 5)	(11,048)	(16,668)	(27,716)
Total resources expended	(45,277)	(65,424)	(110,701)
Net incoming resources before transfers	347,723	9,038	356,761
Gross transfers between funds	2,277	(2,277)	-
Net movement in funds	350,000	6,761	356,761
Total funds brought forward	-	36,715	36,715
Total funds carried forward	350,000	43,476	393,476

The charity made a surplus, before the transfer of Ardvullin of £6,761 (2002: £27,457) during the year. Including the transfer of Ardvullin during the year has resulted in the surplus being increased by the open market value of the property of £350,000, giving an overall surplus of £356,761.

13 Restricted funds

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers to other funds £	Closing balance £
Payroll Fund	-	7,000	(9,277)	2,277	-
Seedling Foundation Fund	-	18,000	(18,000)	-	-
Seedling Foundation- Property	-	350,000	-	-	350,000
L B Holdings Fund	-	18,000	(18,000)	-	-
	-	393,000	(45,277)	2,277	350,000

The Payroll Fund relates to a grant received to fund the salary costs of the holiday centre manager for one year.

The Seedling Foundation Fund relates to income received to meet the employment costs of the company manager.

The L B Holdings Fund relates to income received to meet the employment costs of the company manager. The Seedling Foundation-Property relates to the transfer of Ardvullin House, Ardour to HopScotch Holidays with the property to be used solely for the purposes of the charity.