Registrar

Charity No: SCO31902

The Hillock

Report and Financial Statements

Year Ended

31 August 2005

BDO

BDO Stoy Hayward
Chartered Accountants

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The Hillock

Annual report and financial statements for the year ended 31 August 2005

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Members of Council

Alex McKie
Olive McKie

Secretary and registered office

Olive McKie, The Hillock, Caldwell, Uplawmoor, East Renfrewshire, G78 4AX

Company number

SC221007

Scottish Charity number

SC031902

Auditors

BDO Stoy Hayward LLP, 64 Dalblair Road, Ayr, KA7 1UH

Bankers

Bank of Scotland, 112 Main Street, Barrhead, G78 1RD

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Report of the Members of Council for the year ended 31 August 2005

The members present their report together with the financial statements for the year ended 31 August 2005.

The principal address of the charity together with other administrative information is set out on the contents page and forms part of the members report.

Structure, governance and management

The company was incorporated on 9 July 2001 as a company limited by guarantee and commenced operating on 1 September 2001.

It is a registered Scottish charity, charity number SC031902, and is governed by its Memorandum and Articles of Association. The rules governing the appointment and removal of members are also set out in this document.

Results

The income and expenditure statement is set out on page 5 and shows the surplus for the year.

The charity is not permitted to pay dividends under the terms of its Memorandum and Articles of Association.

Objectives and Activities

The charity's aim is to provide a service in order to reduce alcohol, drug or solvent related harm and to provide rest, recovery and rehabilitation through assessment, counselling, group work, education, day centres, therapeutic workshops, community handyman schemes and alternative leisure activities.

The Hillock is a small alcoholism treatment centre, which gives its attention to no more than 4 or 5 clients at a time. Emphasis is based upon treating clients as individuals. Private bedrooms are offered, along with a communal lounge, dining room and reading room. An indoor, heated swimming pool is available in the grounds.

The main objectives and activities of the charity continue to focus on the rehabilitation of people with alcohol problems. The following activities were undertaken to meet these objectives;

- Safe, painless withdrawal from alcohol using prescribed medication.
- Rest, comfort and good food.
- Peace to relax, in a stress free countryside environment.
- Individual therapy by experienced counsellors.
- Group therapy in regular meetings with members, and on-going care with telephone contact and correspondence.
- Back-up programme which lasts for a year.

Achievements and performance

The main charitable activity is the provision of a tranquil environment where people can escape to try and overcome their alcohol addiction. Therapy is provided to assist in the process and also a back up programme which lasts for one year if required.

During its fourth year of operation, the charity has had an outstanding year. It has had well in excess of 100 patients. Out of all the patients treated over 75% were successful in getting over their alcohol addiction.

The charity has also taken on additional councillors which has assisted the charity to increase the amount of therapy provided either on an individual or a group basis.

Financial review

The charity has had an exceptional year. Due to additional advertising the charity has attracted additional interest during the year resulting in a significant increase in patients. Patients pay a donation based on the discretion of the charity.

The Members of Council have established a policy whereby the unrestricted funds held by the charity should be between 3 and 6 months of the resources expended, which currently equates to between £43,451 and £86,902. At this level, the members feel that they would be able to continue the current activities of the charity in the event of a significant drop in funding.

The members of council feel that current reserves are adequate to meet these requirements.

Plans for Future Periods

The charity has expanded substantially during the year due to increased exposure generated from advertising in the Sunday Mail and through the good work which the charity is carrying out. The charity is planning to take advantage of this by building a further bedroom and a smoke free area. The charity is also looking into expanding their methods to the NHS and further.

The charity are also looking into taking on additional directors to assist with the day to day management of the charity.

Members of Council

The Members of Council are directors of the company for the purposes of company law. The members of the company during the year were:-

Alex McKie
Olive McKie

No member had any beneficial interest in the company.

The company is limited by guarantee and therefore has no share capital. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up while he or she is a member or within one year after ceasing to be a member for payment of the debts and liabilities of the company contracted before cessation of membership and of the costs, charges and expenses of winding up for the adjustment of the rights of the contributors amongst themselves, such amounts as may be required not exceeding £1.

Members' responsibilities

Company law requires the members 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 members 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 members 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 and the Statement of Recommended Practice: Accounting and Reporting by Charities (Revised 2005). 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.

The financial statements were approved by Members of Council on 7 June 2006.

Olive McKie
Secretary

O. McKie

In accordance with the letter of engagement dated 9 June 2004, we have compiled the financial statements of The Hillock for the year ended 31 August 2005 on pages 5 to 14 from the accounting records and information and explanations you have given us.

Our report has been prepared under the terms of our engagement with The Hillock and for no other purpose. No person is entitled to rely on this report other than The Hillock, or any person expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants of Scotland and have complied with ethical guidance laid down by the Institute.

You have approved the financial statements and have acknowledged your responsibility for them, for the appropriateness of the accounting basis and for providing all information and explanations necessary for their compilation.

We have not verified the accuracy or completeness of the accounting records or information and explanations you have given us and we do not, therefore, express any opinion on the financial statements.

BDO STOY HAYWARD LLP
Chartered Accountants
Ayr

Date: 7 June 2006

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Summary Income and Expenditure Statement for the year ended 31 August 2005

	Note	2005 £	2004 £
Gross income from continuing operations		**177,076**	48,139
Direct expenditure		**61,839**	17,407
		115,237	30,732
Administrative expenditure		**58,052**	36,940
Net surplus/(deficit) before interest receivable	8	**57,185**	(6,208)
Interest receivable	9	**516**	52
Net surplus/(deficit) before taxation		**57,701**	(6,156)
Taxation on surplus/(deficit) on ordinary activities	10	**-**	-
Net surplus/(deficit) for the year		**57,701**	(6,156)

The summary income and expenditure account is derived from the statement of financial activities on page 6, which, together with the notes to the accounts on pages 8 to 12 provides full information on the movements during the year on all the funds of the company.

All amounts relate to continuing activities.

The notes on pages 8 to 12 form part of these financial statements.

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Statement of Financial Activities for the year ended 31 August 2005

	Note	Unrestricted Funds 2005 £	Unrestricted Funds 2004 £
Incoming resources:			
Incoming resources from generated funds			
- Voluntary income	2	**177,076**	48,139
- Investment income	9	**516**	52
Total incoming resources		**177,592**	48,191
Resources expended			
Costs of generating voluntary income	3	**10,190**	1,856
Charitable activities	4	**107,412**	50,586
Governance costs	5	**2,289**	1,905
Total resources expended		**119,891**	54,347
Net movement in funds	14	**57,701**	(6,156)
Total funds brought forward		**(2,908)**	3,248
Total funds carried forward	14	**54,793**	(2,908)

The notes on pages 8 to 12 form part of these financial statements.

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Balance sheet at 31 August 2005

	Note	2005 £	2005 £	2004 £
Fixed assets				
Tangible assets	11		5,167	4,555
Current assets				
Cash at bank and in hand		88,787		5,368
Debtors	12	7,700		5,937
		96,487		11,305
Creditors: amounts falling due within one year	13	46,861		18,768
Net current assets/(liabilities)			49,626	(7,463)
Net assets/(liabilities)			54,793	(2,908)
Fund Balances				
Unrestricted funds	14		54,793	(2,908)

For the year ended 31 August 2005, the company was entitled to exemption under section 249A (1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B (2).

The directors acknowledge their responsibility for:

i) Ensuring the company keeps accounting records which comply with section 221; and

ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with Section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Members of Council on 7 June 2006 and signed on its behalf by:

..... Member

..... Member

The notes on pages 8 to 12 form part of these financial statements.

1 Accounting policies (continued)

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards and the charity's Memorandum and Articles of Association. They have also been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (Revised 2005). The following principal accounting policies have been consistently applied:

Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. The annual depreciation rates are as follows:

Computer Equipment	- over 4 years straight line
Property Improvements	- over 10 years straight line
Other Equipment	- 25% reducing balance

Tax status

The company has been established with the Inland Revenue as a charity and, subject to all its income being applied for charitable purposes, is exempt from corporation tax.

Unrestricted funds

Unrestricted funds are gifts and donations receivable for the objects of the charity without further specified purpose and are available as general funds.

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:

- Voluntary income is received by way of donations and is included in full in the Statement of Financial Activities in the year of receipt, unless the terms of the gift specify otherwise.

- Investment income is included when receivable.

1 Accounting policies (continued)

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be recovered and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

2 Voluntary income

	2005 £	2004 £
Income tax refunded	36,651	10,314
General donations and gifts	140,425	37,825
	177,076	48,139

3 Costs of generating voluntary income

	2005 £	2004 £
Advertising and promotion	10,190	1,856

4 Charitable activities

	2005 £	2004 £
Costs directly allocated to activities		
Food, provisions and cleaning	16,760	10,985
Counselling services	20,890	1,310
Wages and NIC	24,189	5,112
Travelling expenses	13,394	6,240
Rent, rates and insurance	15,424	15,016
Heat and light	5,315	3,282
Support costs allocated to activities		
Telephone	1,114	946
Repairs and renewals	6,944	5,452
Postage and stationery	264	132
Depreciation	1,199	1,023
General expenses	1,836	724
Bank charges	83	364
	107,412	50,586

5 Governance costs

	2005	2004
	£	£
Accountancy fees	2,289	1,905

6 Employees

	2005	2004
	£	£
Staff costs (including directors) consist of:		
Wages and salaries	22,000	4,689
Social security costs	1,565	423
Total staff costs	23,565	5,112

No employee received emoluments of more than £60,000. The average number of employees (including directors) during the year was 2 (2004 -2).

The charity does not operate any pension scheme for its employees.

7 Members remuneration and related party transactions

During the year £15,000 (2004 - £4,689) was paid to Alex McKie and £7,000 (2004 - £nil) was paid to Olive McKie who are both members of council. These payments are allowable by way of the charities governing document.

During the year the charity also paid rent to Alex McKie of £12,000 (2004 - £12,000). The rent paid was based on normal market rates. There were no amounts outstanding at the end of the year.

8 Operating surplus/ (deficit)

	2005	2004
	£	£
This is arrived at after charging:		
Depreciation of tangible fixed assets	1,199	1,023
Accounting services	2,289	1,905
Hire of other assets – operating leases	12,000	12,000

9 Interest receivable

	2005	2004
	£	£
Bank interest receivable	516	32
Other interest receivable	-	20
	516	52

10 Taxation

As a result of the company's taxation status, as indicated in the accounting policies (note 1), no liability to tax arises on the year's results.

11 Tangible assets

	Tenants property Improvements	Computer Equipment	Other Equipment	Total
	£	£	£	£
Cost				
At 1 September 2004	3,912	742	2,052	6,706
Additions	1,100	-	711	1,811
At 31 August 2005	5,012	742	2,763	8,517
Depreciation				
At 1 September 2004	933	502	716	2,151
Provided for in period	501	186	512	1,199
At 31 August 2005	1,434	688	1,228	3,350
Net Book Value				
At 31 August 2005	3,578	54	1,535	5,167
At 31 August 2004	2,979	240	1,336	4,555

12 Debtors

	2005 £	2004 £
Prepayments and accrued income	7,700	5,937

13 Creditors: Amounts falling due within one year

	2005 £	2004 £
Directors' loan account	19,415	16,411
Accrued charges	27,445	2,357
	46,860	18,768

14 Fund Balances

	2005 £	2004 £
Balance 1 September 2004	(2,908)	3,248
Surplus/(deficit) for the year	57,701	(6.156)
Balance 31 August 2005	54,793	(2,908)

15 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as members of council believe the company is a 'small entity' as defined under Section 247 of the Companies Act 1985.

16 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and Buildings £	2004 Land and buildings £
Operating leases which expire:		
Within one year	21,000	12,000

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Notes to the Income & Expenditure Statement for the year ended 31 August 2005

	2005 £	2005 £	2004 £
Income			
Gifts and donations		**140,425**	37,825
Income tax refunded		**36,651**	10,314
Interest received		**516**	52
		177,592	48,191
Direct Expenditure			
Food, provisions & cleaning	**16,760**		10,985
Counselling services	**20,890**		1,310
Directors remuneration	**22,000**		4,239
Wages	**-**		450
National insurance	**2,189**		423
		61,839	17,407
		115,753	30,784
Administration Expenditure			
Rent	**12,000**		12,000
Rates	**1,700**		1.632
Insurance	**1,724**		1,384
Heat & light	**5,315**		3,282
Telephone	**1,114**		946
Repairs & renewals	**6,944**		5,452
Advertising & promotion	**10,190**		1,856
Postage & stationery	**264**		132
Travelling expenses	**13,394**		6,240
Depreciation	**1,199**		1,023
General expenses	**1,836**		724
Accountancy fees	**2,289**		1,905
Bank charges	**83**		364
		58,052	36,940
Surplus/(deficit) of income over expenditure		**57,701**	(6,156)