

**Company Number**  
**Charity registration number**

**3597323**  
**1071097**

**GOLDEN LANE HOUSING LIMITED**

(A company limited by guarantee)

**Report and Financial Statements**

**Year ended 31 March 2011**

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**Report of the Trustees for the year ended 31 March 2011**

The Trustees are pleased to submit their annual report and the audited financial statements for the year ended 31 March 2011.

**Reference and administrative details**

The Charity was formed as a company limited by guarantee on 14 July 1998.

Charity Number : 1071097                      Company Number : 3597323

Principal Office : 123 Golden Lane, London EC1Y 0RT

Auditors : Crowe Clark Whitehill LLP                      St Bride's House, 10 Salisbury Square  
London EC4Y 8EH

Bankers : Barclays Bank plc                      Charities Team, PO Box 544,  
54 Lombard Street , London, EC3V 9EX

Solicitors : Ison Harrison                      Duke House, 54 Wellington Street,  
Leeds, LS1 2EE

Trowers & Hamlins LLP                      Heron House, Albert Square,  
Manchester, M2 5HD

Rollits                      Rowntree Wharf, Navigation Road  
York YO1 9WE

**TRUSTEES (DIRECTORS)**

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

Neil McCall	Chairman
Stuart Kelly	Retired by rotation and re-elected 8th December 2010
Jock Lennox	Retired July 2010
Janet Brown	
Manny Lewis	
Hanifah Law	Retired by rotation and re-elected 8th December 2010
Rohan Jensen	Nominated Co-opted Trustee on 28th January 2011

No trustee has any interest in the charity.

Company Secretary : J Tregelles

**METHOD OF ELECTION**

Trustees are appointed by Royal Mencap Society. One third retires by rotation each year. Trustees may appoint new trustees without a member vote, but those trustees must retire at the next Annual General Meeting.

**Senior staff members to whom day to day management of the Charity is delegated by the trustees :**

Jan Tregelles, Alastair Graham, Marilyne Davis, John Verge, Rod Dugher and Melissa O'Donnell .

## 1 - Structure, Governance and Management

### Governing document

Golden Lane Housing Limited was formed as a company limited by guarantee on 14 July 1998 and is governed by its Memorandum and Articles of Association. Golden Lane Housing is registered as a charity with the Charity Commission. Golden Lane Housing has a sole member, that member being Royal Mencap Society, which has agreed to contribute £1 in the event of the charity winding up.

### Appointment of Trustees

As set out in the Articles of Association, Royal Mencap Society, the member, has the power to appoint trustees. One third of the serving trustees are required to retire at each AGM, such rotation being on the basis of length of service. The longest serving trustee is required to retire. Trustees elected during the year must resign at the next AGM.

### Trustee induction and training

New trustees undergo an induction programme that ensures they are briefed on their legal obligations under charity and company law and the content of the Memorandum and Articles of Association. New trustees meet with fellow trustees and officers of Golden Lane Housing and visit a number of the tenants to gain an understanding of the services provided. Appropriate external training is discussed and arranged by officers on behalf of the trustees.

### Organisation

The board of trustees meets quarterly with officers in attendance to set strategic direction and review operations. Officers have been granted a range of delegated authorities by the board of trustees to facilitate the efficient running of operations.

### Related parties

Golden Lane Housing has a close working relationship with Royal Mencap Society, who as sole member of the charity, has the power to nominate the trustees of the charity. Royal Mencap Society has also provided a loan facility to Golden Lane Housing up to a maximum amount of £7.65 million to purchase properties which are then rented to people with learning disabilities but there is no plan for any further loans. Golden Lane Housing has also been successful in attracting a number of other investors, through both investment in particular properties (currently £3.8m) and a public bond offering ( £1.8m). Whilst neither the shared property investors nor bondholders are members of the charity, the board of trustees recognise the vital role their investment has played in furthering the objects of the charity.

The Trustees of GLH have received legal advice from Bates Wells & Braithwaite with regards to the nature of the relationship with Mencap. The following extracts are felt to be relevant to these accounts:

*"Although GLH is in company law a subsidiary of Mencap it does have different charitable objects (see paragraph 1) and, in any event, in charity law the duty of the trustees are to act in the best interests of the charity's beneficiaries and to always act in accordance with the charity's objects".*

*"company law requires that a subsidiary's assets and liabilities to be consolidated with the parent company's assets and liabilities in the consolidated accounts, in the case of a charity group it does not mean that the subsidiary's assets are to be deployed to discharge the liabilities of the parent company. "*

### Risk Management

Risk management has become an increasingly integral part of GLH's business planning and control processes. Trustees undertake an annual review of the risk register and approval of action plans to mitigate the identified risks.

The main risks to which Golden Lane Housing is exposed, continue to fall into six broad areas:

- Financial
- Staff related
- Infrastructure
- Property Maintenance
- Business Growth
- Reputation

Trustees have also ensured the following key mechanisms are in place to facilitate effective internal controls assurance:

- A clearly defined structure which delegates authority, responsibility and accountability
- A well established budgeting function with monthly reporting of financial performance which incorporates variance analysis, forecast out-turns and key performance indicators
- Effective procedures to ensure Trustee/Leadership Team approval as appropriate for all major expenditure commitments
- 

Resulting from a tendering exercise, TIAA were appointed during 2009 as internal auditors to GLH. 6 internal audits were carried out in 2010/11 and reported to Trustees. An internal audit needs

Trustees remain satisfied that the major risks to which the Charity is exposed are understood, well documented and that appropriate action plans are in place to mitigate these risks.

## **2 – Activities and Objectives**

The Trustees have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission and are satisfied that all the activities and objectives outlined below are undertaken for public benefit.

**Golden Lane Housing (GLH) exists to provide solutions for people with learning disabilities, both by direct provision of housing and by providing advice and guidance.**

Trustees have approved a Business Plan for the next five years which has the following key objectives:

- Have a viable business to provide security to our existing tenants;
- Provide a high quality, caring and efficient housing service;
- Grow the number of tenancies and the portion of tenancies supported by Mencap Personal Support.

### **Security**

The ongoing relationship with our tenants is as important as the upfront work of providing homes around which they build their lives. Our tenants first and foremost want security and stability but they also value ongoing contact with GLH. GLH has an important role to play in supporting and advising its tenants, their families and carers. This includes finding ways to enable people to remain in GLH housing even when their benefits are reduced.

### **Housing Management and Maintenance**

GLH provides a high quality housing management service tailored to the needs of the individual with learning disabilities. GLH liaises closely with support providers to provide a comprehensive and co-ordinated service and undertakes regular Quality Service Reviews to endure that all tenancies meet high standards. In addition, our housing advice surgeries provide advice and help to people with learning disabilities, their families, carers and other professionals.

### **Growth**

In order to increase the number of "paths" that GLH are able to offer, we continue to develop a range of services designed to meet the different needs of the individuals and families we work with which include:

- Ordinary Houses in Ordinary Streets: where GLH purchases housing and lets it to people with learning disabilities.
- Great Tenants: where GLH leases housing from private landlords and lets it to people with learning disabilities, using the private rented market and supporting both tenants and private landlords to create sustainable housing solutions.
- My Place: Shared ownership opportunities for people with a learning disability.
- Our House: Legacy and inheritance planning so that people can use the family home as a way of securing accommodation for people with a learning disability following the death of the last carer.

These products enable GLH to increase its impact on people with learning disabilities, their families and carers, whilst reducing the capital investment required.

**GLH is about people first, both in terms of our tenants, their families and carers and the GLH staff team. We have a deep understanding of the provision of housing for people with learning disabilities.**

### **3- Achievements and performance**

Objectives 2010/11: the main objectives worked upon have been to:

- Secure the future of existing GLH tenants and manage their housing needs.
- Ensure the living environment provided in each GLH property is safe, secure and well maintained.
- Provide additional homes for people with learning disabilities through an extended range of housing options.

### **Key Performance Indicators**

#### **Security:**

This year we successfully secured the tenancies of 23 people with learning disabilities in 4 local authority areas previously under threat of restriction. This means their rent is now met either through full payment of housing benefit or the local housing allowance and it has also resulted in a significant reduction in the amount of rental debt outstanding. However, we continue to have rent restrictions in place in three local authority areas and all of these are within the Tribunal system of appeals.

We continued to liaise closely with our tenants and to communicate with them in a variety of formats. We carried out a Quality Service Review of 100% of our tenancies during the course of the year. Of these, 83% had a green rating indicating that everything was of a high standard and the issues flagged up in the others have been addressed.

**Housing management and maintenance :**

At the end of the year GLH had 61 void bed spaces which is a void rate of 5.7%, down from 7% in February. Our debts at the year end were 7.89% of the gross rent roll. A number of write offs have been identified for inclusion in 2010/11 and this will reduce the 7.89% to 7.62%.

We delivered 100% of our planned maintenance programme of £1,037,778 which included improvements to 94 properties including new windows, bathrooms, kitchens and decoration. Our responsive repairs service dealt with over 5,500 repairs of which 90% were done within the target time.

We maintained a strong commitment to regular and positive engagement with GLH tenants through the work of our Housing Teams and our Tenant Inclusion Officer. We carried out 8 tenant forums and have used these to help us tailor our services even more closely to the needs of our tenants. In October 2010, our Poole forum looked at GLH's maintenance service and improving information to support tenants independence. This included looking at how we communicate about GLH's repairs service including priorities, enabling more tenants to report their own repairs and updating our maintenance fact sheet.

Over the year, our housing advice surgeries provided detailed and expert advice in response to 213 enquiries including people with learning disabilities, their families and carers and other professionals.

In addition our staffs work closely with tenants in producing regular and accessible information.

**Growth :**

2010/11 has again seen GLH grow the accommodation it provides for people with learning disabilities. Despite the generally challenging economic climate, cuts in resources available to local authorities and PCTs and reductions in housing benefit, GLH has provided additional housing for 88 people with learning disabilities which is more than double the 38 tenancies created in the previous year. Most of the growth was achieved through our Great Tenants product.

We also carried the second year of our South West London Homefinders Project with funding secured from the Communities and Local Government Department. This enabled us to increase access to private sector rented accommodation across South West London. This two year project started in 2009 and has helped to deliver our overall growth target.

Trustees wish to record thanks and appreciation to the staff teams for their hard work in making a real difference to the lives of many people with learning disabilities, their families and carers.

**4 – Plans for future periods**

The next twelve months will see GLH continue to work on securing tenancies for our existing tenants, further improving the services we provide to tenants, implementing new IT software and providing additional accommodation. During the year we approved a Business Plan for the next five year period which sees us growing an additional 130 tenancies per year, of which there is a target of 70 to be supported by Mencap Personal Support. 120 out of the 130 new tenancies will be provided through our leasing model. This model of housing provides a real opportunity for people with a range of support and care needs to access the private rented sector. To understand what the landlord needs are and meeting these is vital for this product and we believe that we now have developed this knowledge.

#### 4- Plan for future periods- continued

We will implement a new staffing structure during 2011/12 which will further orientate the organisation for growth, reduce overheads and align with the implementation of the new IT system. This follows the appointment of our new Director, Alastair Graham, who started in February 2011.

We are confident that we will remain a leading organisation in the provision of housing solutions for people with learning disabilities.

#### 5 – Financial review

Golden Lane Housing again finished the year in surplus and with a cash positive result demonstrating the strong financial management of the charity by its officers, which provides the base from which we can continue to change peoples lives.

During the financial year we have reduced our borrowings by £1,595,000 and increased our income excluding property grants by £39,000. Property grants amounting to £258,000 were received for property purchase and development in the year.

We have negotiated with Triodos ahead of the re-financing of the £12.8m loan from Nationwide which falls due in May 2012 and we have successfully secured a new facility to that effect.

##### Investment powers and policy

A new treasury plan was approved by Trustees in January 2011, this will be reviewed as part of the regular update of the business plan.

##### Reserves policy

The policy in relation to unrestricted reserves is to set aside as designated funds amounts for specific future purposes as described below and to hold a minimum of £700,000 expenditure cover and £1,800,000 bond repayment under undesignated or free reserves, backed by cash.

The trustees have reviewed the reserves of the charity.

Our property portfolio is generally in a good state of repair. A full stock condition survey was completed in March 2010 and will provide the platform for our future maintenance investment strategy. The information from the survey has been reviewed and analysed and has been used as the basis for the numbers in our 5 year business plan. We are confident that future maintenance commitments can be met out of future cash flow and for prudence purposes have not reduced the amount held in designated fund for the investment in planned maintenance in our properties.

During 2007/08 GLH sold 5 properties generating a surplus of £120,219. This amount is designated as investment for future family schemes and in 2010/11 GLH used £60,000 to support the purchase of one property for one family, housing two new tenants.

We have designated £57,128 for VAT future liabilities. This amount was saved from the building cost of two properties by applying the Notice 708 of HMC&E but would be repayable if the properties were sold within the next ten years from March 2007.



**5 – Financial review - continued**

We have £4,479,673 worth of non repayable grants in the designated reserves which have been used to finance the purchase and development of properties held in Fixed Assets.

We have also moved from designated to restricted reserves £625,000 for three properties donated to GLH to date as those properties are tenanted and can not be sold. We have also moved £298,972 from designated to general reserve for one property where the tenant died during the year and the property may be disposed of.

The designated fund for future development has been adjusted in line with the approved 5 year business plan and now stands at £1,045,000.

Restricted funds invested in property amount to £17,525,839. During the current year, £625,000 have been reclassified from designated to restricted for three properties donated to GLH to date as those properties are tenanted and can not be sold. £179,237 has been transferred from unrestricted funds to restricted funds to adjust the entry made during last financial year. Due to disposal of a property with fixed legal charge, £270,499 has been transferred from restricted funds to general reserve.

Unrestricted reserves amount to £5,756,849 which the Trustees consider sufficient given the designations and restrictions outlined above.

## 6 – Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 Trustees are responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the charitable company's transactions and 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. They are also responsible for safeguarding the assets of the charitable company and ensuring their proper application in accordance with charity law and hence for taking reasonable steps for taking reasonable steps for the prevention and detection of fraud and other irregularities.

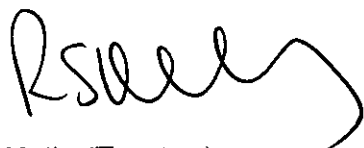
The following statements have been affirmed by each of the Trustees of the charitable company:

- so far as each Trustee is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- each Trustee has taken all steps that he/she ought to have taken as a Trustee in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## 7- Auditors

The appointment of Crowe Clark Whitehill LLP as auditors for GLH was confirmed at an AGM held on the 8<sup>th</sup> December 2010.

By order of the trustees



Stuart Kelly (Trustee)

29<sup>th</sup> June 2011

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GOLDEN LANE HOUSING LIMITED**

We have audited the financial statements of Golden Lane Housing Limited (company number 3597323) for the year ended 31 March 2011 set out on pages 13 to 24.

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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable 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 trustees and auditor**

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 trustees; and the overall presentation of the financial statements.

We read all the information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **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 requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Tim Baines  
Senior Statutory Auditor  
For and on behalf of  
Crowe Clark Whitehill LLP  
Statutory Auditor

London 29 June 2011

Date:

**GOLDEN LANE HOUSING LTD**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating an income & expenditure account)

<b>Year ended 31 March 2011</b>	Notes	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds :</b>					
Voluntary Income :					
Donations and gifts	15	38,949	-	38,949	222,306
Grants		112,661	-	112,661	110,654
Investment Income	16	13,074	-	13,074	4,851
		<u>164,684</u>	<u>-</u>	<u>164,684</u>	<u>337,811</u>
<b>Incoming resources from charitable activities :</b>					
Residential Services :					
Rental income		8,084,586	-	8,084,586	7,548,470
Grants received for property acquisition		257,933	(270,499)	(12,566)	2,258,349
Loss on disposal of fixed assets		(15,207)	(68,999)	(84,206)	(58,661)
Consultant work		18,686	-	18,686	317,042
<b>Other incoming resources</b>		-	-	-	-
<b>TOTAL INCOMING RESOURCES</b>		<u>8,510,682</u>	<u>(339,498)</u>	<u>8,171,184</u>	<u>10,403,011</u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of charitable activities :</b>					
17/18					
Residential services		7,109,756	-	7,109,756	6,271,332
Consultant work		61,816	-	61,816	35,527
<b>Governance costs</b>		39,085	-	39,085	29,292
		<u>7,210,657</u>	<u>-</u>	<u>7,210,657</u>	<u>6,336,151</u>
<b>TOTAL RESOURCES EXPENDED</b>		<u>7,210,657</u>	<u>-</u>	<u>7,210,657</u>	<u>6,336,151</u>
<b>NET INCOME FOR THE YEAR BEFORE TRANSFERS</b>	2	1,300,025	(339,498)	960,527	4,066,860
<b>Transfer from unrestricted funds to restricted funds</b>		(804,237)	804,237	-	-
<b>INCOME FOR THE YEAR</b>		495,788	464,739	960,527	4,066,860
<b>FUNDS AS AT 1 APRIL 2010</b>		11,256,662	16,992,101	28,248,763	24,181,903
<b>TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2011</b>	9	<u>11,752,450</u>	<u>17,456,840</u>	<u>29,209,290</u>	<u>28,248,763</u>

The statement of financial activities includes all gains and losses recognised in the year.  
All incoming resources and resources expended derive from continuing activities.

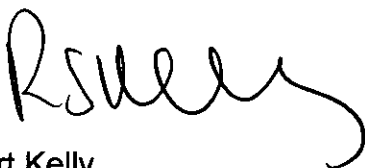
**GOLDEN LANE HOUSING LTD**  
**BALANCE SHEET**  
as at 31 March 2011

**Company Number 3597323**

	Note	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets		69,949,413	70,178,276
Less: Shared investment contributions		(3,829,519)	(3,974,019)
<b>TOTAL FIXED ASSETS</b>	3	<u>66,119,894</u>	<u>66,204,257</u>
<b>CURRENT ASSETS</b>			
Debtors	5	893,576	1,853,313
Cash at bank and in hand		3,460,671	3,496,777
		<u>4,354,247</u>	<u>5,350,090</u>
<b>CREDITORS: amounts falling due within one year</b>	6	(3,374,322)	(3,764,736)
<b>NET CURRENT ASSETS</b>		<u>979,925</u>	<u>1,585,354</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		67,099,819	67,789,611
<b>CREDITORS: amounts falling due after one year</b>	7	(37,890,528)	(39,540,848)
<b>NET ASSETS</b>		<u>29,209,291</u>	<u>28,248,763</u>
<b>FUNDS</b>			
Restricted funds		17,456,840	16,992,101
Unrestricted funds		11,752,450	11,256,662
Total funds	9	<u>29,209,290</u>	<u>28,248,763</u>

Approved by the Trustees and authorised for issue.

Signed on behalf of the Trustees:



Stuart Kelly  
29th June 2011

**NOTES TO THE ACCOUNTS****1. ACCOUNTING POLICIES****a. Basis of preparation**

The financial statements are prepared under the historical cost convention. The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The particular accounting policies adopted by the trustees are described below.

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees Responsibilities on page 2.

**b. Incoming resources**

The following accounting policies are applied to income:

Donations are accounted for when conditions for their receipt have been met and there is reasonable assurance of receipt and the amount receivable can be estimated. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charitable company has unconditional entitlement.

Grants receivable are recognised in the statement of financial activities when the conditions for receipt of the grants have been fulfilled and the charitable company becomes entitled to payment.

Discretionary grants applied for are not credited until they have been received. Where a grant is received relating to a future accounting period, the Statement of Financial Activities shows the gross amount receivable together with the movement in the amount deferred to future accounting periods.

Deferred grant income at the year end is included in creditors.

Gifts in kind : Assets given for use by the charitable company have been recognised as incoming resources when they become receivable and included either in fixed assets when they are received or in other debtors if they have not yet been received. The basis for valuation is the market value at the time of purchase.

Rental income is recognised on an accruals basis.

**c. Resources expended**

Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services are supplied. All resources expended are classified under activity headings that aggregate all costs related to the category.

- Charitable expenditure includes all expenditure directly related to the objects of the charity and comprises the cost of providing residential accommodation to beneficiaries.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs have been allocated to activity cost categories on a basis consistent with the use of resources and in proportion to the amount of time spent by staff on each activity cost category.

**NOTES TO THE ACCOUNTS****1. ACCOUNTING POLICIES (continued)****d. Irrecoverable VAT**

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

**e. Funds**

The charity's funds consist of restricted funds which have been granted for the purchase of particular properties and are repayable when the properties are sold. The general unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the charity. Unrestricted funds may be held in order to finance both working capital and capital investment.

**f. Tangible Fixed Assets**

Freehold properties are stated in the balance sheet at cost less depreciation, unless any impairment in value is indicated by either periodic external valuations or the annual impairment review, less contributions from individuals and families where these individuals or families have the right to an equity share of the property on disposal, including any resulting profit or loss. It is the opinion of the Trustees that the properties' market value is greater than their historical cost. However, it is not considered the best use of the charity's resources to undertake a full revaluation exercise and therefore it is not practicable to quantify the difference.

Depreciation is provided so as to write off the cost of the assets, net of the shared investment from the individual or families, in equal instalments over the estimated useful lives of the assets.

Assets in the course of construction and freehold and leasehold land have not been depreciated.

The depreciation rates used for other assets are as follows:

Freehold and long leasehold buildings over 100 years : 1% per annum

Capitalised leasehold buildings less than 100 years : Over the term of the lease

**g. Operating Leases**

Rentals applicable to operating leases are charged to the SoFA over the period in which the cost is incurred.

**2. NET INCOME FOR THE YEAR**

Net income for the year is stated after charging / (crediting):

	2011	2010
	£	£
Depreciation	464,895	449,094
Audit fees	21,929	13,132
Operating lease rentals - land & buildings	591,464	457,718
(Loss) on disposal of fixed assets	(84,205)	(58,661)



## NOTES TO THE ACCOUNTS

## 3. FIXED ASSETS

	Property under construction	Freehold Land and Buildings	Leasehold Land and Buildings	Totals
<b>Cost</b>	£	£	£	£
At 1 April 2010	247,993	67,148,495	5,936,131	73,332,619
Additions	875,228	-	-	875,228
Reclassification	-	-	-	-
Transfers	(735,907)	735,907	-	-
Disposal	-	(672,620)	-	(672,620)
Balance as at 31 March 2011	<u>387,314</u>	<u>67,211,782</u>	<u>5,936,131</u>	<u>73,535,227</u>
<b>Accumulated Depreciation</b>				
At 1 April 2010	-	2,796,415	357,928	3,154,343
Charge for the year	-	415,272	49,820	465,092
Reclassification	-	-	-	-
Disposal	-	(33,621)	-	(33,621)
Balance as at 31 March 2011	<u>-</u>	<u>3,178,066</u>	<u>407,748</u>	<u>3,585,814</u>
Net Book Value at 31 March 2011	387,314	64,033,716	5,528,383	69,949,413
Less shared investment contribution	-	(3,015,832)	(813,687)	(3,829,519)
	<u>387,314</u>	<u>61,017,884</u>	<u>4,714,696</u>	<u>66,119,894</u>
Net Book Value at 31 March 2010	247,993	64,352,080	5,578,203	70,178,276
Less shared investment contribution	-	(3,152,332)	(821,687)	(3,974,019)
	<u>247,993</u>	<u>61,199,748</u>	<u>4,756,516</u>	<u>66,204,257</u>

Included in the cost of freehold land and buildings is land of £23,748,926 (year ended 31 March 2010: £24,174,127) which is not depreciated. The value of the land has been calculated using the land matrix published by the National Housing Federation.

The Nationwide loans and the Triodos loans are secured via fixed legal charges against specific properties in the portfolio.

The properties are carried on the balance sheet at their historical cost less any impairment.

## NOTES TO THE ACCOUNTS

## 4. TAXATION

The Charity is exempt from corporation tax on its income and gains under section 505 of the Income and Corporation Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives.

## 5. DEBTORS

	2011	2010
	£	£
Trade debtors	443,237	260,527
Other debtors	450,339	1,592,785
	<u>893,576</u>	<u>1,853,312</u>

## 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade creditors	81,341	96,406
Other creditors	89,308	174,248
Due to Royal Mencap Society	734,956	428,861
Loans secured on Freehold Land and Buildings	1,182,959	1,130,256
Accruals and deferred income	1,285,758	1,934,965
	<u>3,374,322</u>	<u>3,764,736</u>

## 7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2011	2010
	£	£
Due to Royal Mencap Society	6,035,696	6,357,438
Loans secured on Freehold Land and Buildings	30,113,085	31,439,439
Other - Triodos bond issue	1,741,747	1,743,971
	<u>37,890,528</u>	<u>39,540,848</u>

## NOTES TO THE ACCOUNTS

## 7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (continued)

**Royal Mencap Society**

Royal Mencap Society has provided loan finance to Golden Lane Housing Limited for the development of housing for people with a learning disability. The long term finance is at an interest rate of 0.5% below base rate, on the basis of full repayment of capital and interest over the period of 25 years from drawdown of the funds and is secured by a second legal charge.

	2011	2010
	£	£
Between 1-2 years	321,742	321,742
Between 2-5 years	965,226	965,226
Over 5 years	4,748,728	5,070,470
	<u>6,035,696</u>	<u>6,357,438</u>

**Nationwide Building Society**

The £21,913,019 loans secured on freehold land and buildings from Nationwide Building Society are a mix of variable loan finance and fixed term loan finance, the interest rates for these loans are fixed until April 2012, March 2013 and June 2025. The balance of the loan is provided at variable rates. An element of the loan is repayable in May 2012. The loans are repayable as follows:

	2011	2010
	£	£
Between 1-2 years	12,710,553	822,197
Between 2-5 years	8,213,260	20,991,497
Over 5 years	989,206	1,064,313
	<u>21,913,019</u>	<u>22,878,007</u>

**Triodos**

The £8,561,446 loans are secured on freehold land and buildings. The loans are subject to variable interest rates and are repayable as follows :

	2011	2010
	£	£
Between 1-2 years	365,928	361,384
Between 2-5 years	1,125,617	1,111,642
Over 5 years	6,708,501	7,088,406
	<u>8,200,046</u>	<u>8,561,432</u>

## NOTES TO THE ACCOUNTS

## 7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (continued)

**Housing Bond Issue**

On 2 April 2003, Golden Lane Housing issued through Triodos Bank NV, a prospectus offering for subscription up to 60,000 Housing Investment Bonds with a nominal value of £100 each. The purpose of the Housing Bond Issue was to raise capital with which to purchase properties to rent to people with a learning disability. The total value of bonds issued at the closing date of 31 January 2004 was £1,754,200. Issue costs of £184,000 have been deducted from the initial value of the bond. Additional bonds with a value of £39,000 were issued in the year to 31 March 2005. Additional bonds with a value of £100,000 were issued in the year to 31 March 2007.

The bonds are unsecured and will be repaid on 30 April 2013.

Interest is paid annually at the rate of the annual percentage change in inflation (as measured by the Headline Inflation Rate) plus 1%, capped at a maximum interest rate of 6.5%.

## NOTES TO THE ACCOUNTS

## 8. OPERATING LEASE COMMITMENT

At 31 March 2011 the charity has annual commitments under non-cancellable operating leases as follows:

	Land and Buildings 2011 £	Land and Buildings 2010 £
With in one year	539,757	223,539
Two to five years	149,320	111,816
	689,077	335,355

## 9. STATEMENT OF FUNDS

	At 1st April 10 £	Income £	Expenditure £	Transfer £	At 31st March 11 £
<b>GENERAL RESERVE</b>	4,103,771	8,252,749	(7,210,657)	679,984	5,825,847
<b>DESIGNATED RESERVES</b>					
Cyclical maintenance funds	268,516	-	-	-	268,516
Seed capital	120,219	-	-	(60,000)	60,219
VAT for development project	57,128	-	-	-	57,128
Non repayable grants	4,266,989	257,933	-	(45,249)	4,479,673
Property gifted and tenanted	923,972	-	-	(923,972)	-
Cornwall Housing project	6,067	-	-	-	6,067
Bury Mencap bonds donated	10,000	-	-	-	10,000
Development Fund	1,500,000	-	-	(455,000)	1,045,000
<b>FUNDS</b>	11,256,662	8,510,682	(7,210,657)	(804,237)	11,752,450
<b>RESTRICTED FUNDS</b>					
Property Gifted and Tenante	-	-	-	625,000	625,000
Fixed legal charges	1,291,355	(339,498)	-	-	951,857
Repayable grants	15,700,746	-	-	179,237	15,879,983
<b>TOTAL RESTRICTED FUNDS</b>	16,992,101	(339,498)	-	804,237	17,456,840
<b>TOTAL FUNDS</b>	28,248,763	8,171,184	(7,210,657)	-	29,209,290

**General Reserve** : This reserve represents the free funds of the charity and is generated by the surplus from the operating activities. This surplus is necessary to meet the capital repayments on the loans with Triodos, Nationwide and Mencap. Over the last few years GLH has effectively been repaying its existing debt out of operations surplus and over time this will lead to a build up of the general reserve. The increase in the general reserve this year has in the main been due to lower interest payments on GLH loans as a result of the record low Bank of England Interest rate. An amount of £1,045,000 has therefore been designated for future project developments in line with

**Designated Reserves:**

The cyclical maintenance fund has been maintained at the same level as last year. The surplus on disposal of fixed assets has been designated as seed capital for future family schemes. An investment has been made in this year to support a The VAT for development reserve needs to be kept for 10 years from March 2007.

## NOTES TO THE ACCOUNTS

## 9. STATEMENT OF FUNDS (continued)

**Designated Reserves: ( continued )**

The non repayable grants received fund recognises the value of the assets that have been funded by capital grants and is reduced by the depreciation charge on the assets they have been used to purchase.

The properties gifted to GLH have been reclassified in the restricted reserve as they are tenanted and could not be disposed of without breaking those tenancies. Following the death of one tenant, one property has been reclassified in the general reserve.

**Restricted Fund** : this recognises the value of assets that have been funded by capital contributions and would be repayable upon disposal of those corresponding assets. £270,499 has been transferred to general reserve due to disposal of such an asset. There has been a correction to last year reclassification.

**ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS**

	2011	2011	2011	2011
	Restricted	Designated	Unrestricted	Total
	Funds	Funds	Funds	Total
	£	£	£	£
Tangible Fixed Assets	17,456,840	4,479,673	44,183,381	66,119,894
Current assets				
Debtors	-	-	893,576	893,576
Cash at bank and in hand	-	1,446,930	2,013,741	3,460,671
Current liabilities	-	-	(3,374,322)	(3,374,322)
Long term Liabilities	-	-	(37,890,528)	(37,890,528)
	<u>17,456,840</u>	<u>5,926,603</u>	<u>5,825,848</u>	<u>29,209,291</u>

The majority of the charity funds are invested in property and as stated above the cash free funds of the charity amount to £2,013,741.

## 10. CASH FLOW STATEMENT

Under the provisions of Financial Reporting Standard No. 1 (revised), the company has not prepared a cash flow statement because it is a wholly owned subsidiary of a parent undertaking whose consolidated financial statements contain a cash flow statement.

## 11. MEMBERS

The charity is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2011 there was one member.

## 12. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

Golden Lane Housing has no employees. Work is performed by staff of the Royal Mencap Society who have been seconded to Golden Lane Housing and the costs are charged as part of residential cost expenditure. The total payroll costs recharged by Mencap to GLH for 2010/2011 amounted to £1,396,286. (2009/2010 - £1,173,308).

None of the trustees, or persons related or connected by business to them, has received any remuneration from the Charity during the current or prior year.

During the year £51 was reimbursed to one trustee as expenses (year ended 31 March 2010: £107 reimbursed to two trustees).

## NOTES TO THE ACCOUNTS

## 13. RELATED PARTIES

The charitable company has taken advantage of the exemption within Financial Reporting Standard 8 "Related Party Disclosures", as a wholly owned subsidiary of Royal Mencap Society, not to disclose transactions with group companies.

## 14. PARENT COMPANY

The charitable company is a wholly owned subsidiary of Royal Mencap Society, which is also the ultimate controlling body, a charitable company registered in England and Wales. Copies of the group financial statements of Royal Mencap Society may be obtained from Mencap, 123 Golden Lane, London, EC1Y 0RT.

## 15. VOLUNTARY INCOME

	2011	2010
	£	£
Bond Interest Donated by Bond Holders	20,809	2,466
Bonds Donated by Bond Holders	6,000	4,500
Donated property	-	210,000
Fundraising	12,000	-
Other donations	140	5,340
	<b>38,949</b>	<b>222,306</b>

## 16. INVESTMENT INCOME

Golden Lane Housing's investment income was £13,074 during 2010/11 (2009/10 £4,851).

## 17. ALLOCATION OF SUPPORT COSTS

Support costs have been allocated to activity cost categories on a basis consistent with the use of resources and in proportion to the staff time spent on each of the activity cost categories.

<u>Support Costs</u>	Residential Services	Consultant	Governance	2011 Total	2010 Total
	£	£	£	£	£
Staff days	7,167	227	63	7,457	6,628
Payroll	1,341,985	42,505	11,796	1,396,286	1,173,308
Travel	256,228	8,115	2,252	266,595	236,067
Office Expenses	53,536	1,696	471	55,703	75,145
Training	21,008	665	185	21,858	31,077
Mencap Services	123,023	3,896	1,081	128,000	128,000
Office rent recharge	155,924	4,939	1,371	162,234	100,655
Mencap Management	-	-	-	-	-
	<b>1,951,704</b>	<b>61,816</b>	<b>17,156</b>	<b>2,030,676</b>	<b>1,744,252</b>

## NOTES TO THE ACCOUNTS

**18. ANALYSIS OF CHARITABLE EXPENDITURE**

The charity undertakes direct charitable activities only and does not make grant payments.

<u>Charitable expenses</u>	Residential Services	Consultant	Governance	2011 Total	2010 Total
	£	£	£	£	£
Operating Leases	591,464	-	-	591,464	457,718
Maintenance	1,811,841	-	-	1,811,841	1,583,496
Service Charges	435,079	-	-	435,079	427,636
Professional Services	375,334	-	-	375,334	273,383
Depreciation	464,895	-	-	464,895	449,094
Bad Debt Provision	7,791	-	-	7,791	(120,216)
Audit fee/Board meeting/AGM	-	-	21,929	21,929	13,239
Interest & Finance Charges	1,471,648	-	-	1,471,648	1,507,549
Support costs ( note 17 )	1,951,704	61,816	17,156	2,030,676	1,744,252
	<u>7,109,756</u>	<u>61,816</u>	<u>39,085</u>	<u>7,210,657</u>	<u>6,336,151</u>

**19. DEFERRED INCOME**

	£
Deferred Income at 1 April 2010	768,536
Released	(768,536)
Deferred	68,054
Deferred Income at 31 March 2011	<u>68,054</u>