

ARK SERVICES LIMITED
(a company limited by guarantee)
FINANCIAL STATEMENTS
31 MARCH 2004

Company Registration Number 213778

Scottish Registered Charity Number SC030804

ARK SERVICES LIMITED

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ARK SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Registered number	SC213778
The Directors	Mr J Milne Mr S Milroy Mr J Anderson
Company Secretary	Mr S Milroy
Registered Office	The Priory Canaan Lane Edinburgh EH10 4SG
Auditors	Baker Tilly Chartered Accountants & Registered Auditors 23 Queen Street Edinburgh EH2 1JX
Solicitors	T C Young Melrose House 69a George Street Edinburgh EH2 2JG
Bank	The Royal Bank of Scotland Colinton Branch 64 Bridge Street Edinburgh EH13 0LQ

ARK SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2004

The directors present their report and the financial statements of the company for the period ended 31 March 2004. The Company was incorporated on 7 December 2000 and commenced trading on 11 December 2000.

Principal activities

ARK Services Limited, which is a subsidiary of ARK Housing Association Limited, has been set up to develop housing for those who are aged, infirm or disabled, and in need of housing and any associated amenities.

ARK Services Limited is able to access Special Needs Capital Grant, which is not available to Housing Associations.

The principal activity in the year was in Aberdeen, and was the development of two sites, Balnagask Circle and Dubford, with funding from the Grampian Health Board and Communities Scotland, and funding in kind from Aberdeen City Council.

Business review and future developments

Following the completion of the first three schemes – with practical completion for School Drive in October 2002, Greenfern in September 2002 and Balnagask Circle in December 2003 - tenants have moved in and rental income is now being received. As a result a profit of £7,480 after interest and depreciation was made for the year.

Work is ongoing at a fourth site at Dubford and it is expected that this site should be completed in July 2004.

In Aberdeen, Rental Income is underwritten by a fifteen year agreement with Aberdeen City Council. The Board is confident that the Company will generate adequate surpluses in the coming years as the new properties come on stream.

The Directors

The Trustees who served during the period are listed on page 1. The only members of the Company are those Directors outlined above. Directors are appointed and ratified by the Board following nomination by the officers of the company or other directors.

Status of the company

The company is limited by guarantee and is governed by its Memorandum and Articles of Association. Therefore the company has no share capital. Every member of the company undertakes to contribute such amount not exceeding £1 should the company be wound up.

The company is a wholly owned subsidiary of ARK Housing Association Limited and as such, this organisation is a related party of the company.

ARK SERVICES LIMITED

THE DIRECTORS' REPORT (*continued*)

YEAR ENDED 31 MARCH 2004

Statement of Directors' Responsibilities

Charities Legislation requires the Directors to prepare accounts 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 Companies for that period. In preparing those accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the Company will continue.

The Directors are responsible for ensuring that arrangements are made for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. 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 are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

Reserves

General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity which have not been designated for any other purposes. As the company has only been trading for approximately 2½ years, they are currently trying to build up a stable reserves position.

Restricted funds are funds which can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Creditor payment policy

The payment policy which the company works to is to pay all purchases within 30 days or agreed payment terms and in accordance with creditor payment terms.

ARK SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2004

Risk management

The directors confirm that the major risks to which the company is exposed to, have been considered and reviewed. The risk management process involves discussion of the future activity and direction of the company.

Auditors


A resolution to re-appoint Baker Tilly as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to smaller entities and in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in October 2000.

Registered office:
The Priory
Canaan Lane
Edinburgh
EH10 4SG

Signed by order of the directors



Company Director



Company Secretary

Approved by the directors on 31 AUG 2004

ARK SERVICES LIMITED

YEAR ENDED 31 MARCH 2004

Independent auditors' report to the Directors of ARK Services Limited

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9 and 10.

This report is made solely to the company's directors, 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 directors 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 the directors and the 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 Trustee' 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 Statement of Recommended Practice 2000 (SORP), Accounting and Reporting by Charities, the Charities (Accounts and Reports) Regulations 1992 and 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications of our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2004 and of the incoming resources and application of resources, including income and expenditure, in the period then ended and have been properly prepared in accordance with the Charities SORP 2000-Accounting and Reporting by Charities, the Trust Deed, the Charities (Accounts and Reports) Regulation 1992 and the Companies Act 1985.

Baker Tilly

Baker Tilly
Registered Auditors
Chartered Accountants

Edinburgh

Date: 7 September 2004

ARK SERVICES LIMITED
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2004

	Note	2004 £	2003 £
Turnover			
Rental Income		55,313	19,221
Scheme Running Costs		(4,221)	(303)
Depreciation	5	(6,250)	-
Administrative Expenses		<u>(16,036)</u>	<u>(5,945)</u>
Operating Profit	2	28,806	12,973
Interest receivable	3	2,443	2,437
Interest payable	4	<u>(23,769)</u>	<u>(6,899)</u>
Surplus on ordinary activities	9	<u>7,480</u>	<u>8,511</u>

The results for the year relate wholly to continuing activities.

ARK SERVICES LIMITED

BALANCE SHEET

31 MARCH 2004

	Note	2004 £	2003 £
Fixed Assets			
Housing Properties	5		
- cost		3,579,731	1,269,914
Less: Other Grants		(1,771,538)	(731,822)
Depreciation		(6,250)	-
		1,801,943	538,092
Current Assets			
Cash at bank		199,712	245,068
Debtors	6	129,048	68,676
		328,760	313,744
Creditors: amounts due in less than one year	7	(261,071)	(463,698)
Net current assets/(liabilities)		67,689	(149,954)
Total assets less current liabilities		1,869,632	388,138
Creditors: amounts falling due after more than one year	8	(1,846,697)	(372,683)
		22,935	15,455
Unrestricted funds			
Income and expenditure account	9	22,935	15,455
		22,935	15,455

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 31 AUG 2004 and are signed on their behalf by:


Director

ARK SERVICES LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

31 MARCH 2004

	General	Restricted	Total to 31	Total to 31
	Funds	Funds	March 2004	March 2003
	£	£	£	£
Income and Expenditure				
Incoming resources				
Opening deferred income	-	225,597	225,597	380,141
Grants received	-	1,039,716	1,039,716	253,768
Interest receivable	2,443	-	2,443	2,437
Rents	55,313	-	55,313	19,221
Closing deferred income	-	-	-	(225,597)
Total incoming resources	57,756	1,265,313	1,323,069	429,970
Resources expended				
Cost of generating funds:				
Capital expenditure	-	1,265,313	1,265,313	408,312
Financing costs	23,769	-	23,769	6,899
Depreciation	6,250	-	6,250	
Charitable expenditure:				
Management and administration	20,257	-	20,257	6,248
Total resources expended	50,276	1,265,313	1,315,589	421,459
Net incoming resources	7,480	-	7,480	8,511
Net movement in funds	7,480	-	7,480	8,511
Total funds at 1 April 2003	15,455	-	15,455	6,944
Fund balance carried forward at 31 March 2003	22,935	-	22,935	15,455
Represented by:				
Fixed assets			1,801,943	538,092
Current assets			328,760	313,744
Current liabilities			(261,071)	(463,698)
Long Term Liabilities			(1,846,697)	(372,683)
			22,935	15,455

ARK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985, the Financial Reporting Standard for Smaller Entities (effective June 2002) and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in October 2000.

Turnover

Turnover represents rents, service charges, revenue grants from Communities Scotland and those from Local Authorities less amounts carried forward as deferred income.

Capital and Revenue Grants

Grants of a capital nature are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset at the same rate as the depreciation of the asset. Grants of a revenue nature are credited to income in the period to which they relate.

Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Interest is included when receivable by the charity.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Fixed Assets

The fixed assets relate to land which has been purchased for the construction of properties, and to building costs and related fees.

Depreciation

Housing properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a reducing balance basis over the expected economic useful lives of the properties over 80 years. Depreciation is charged on these assets on a monthly basis from the year following acquisition /completion. No depreciation is charged on land.

ARK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

Capitalisation of Interest

Interest on capital borrowed to finance developments during the period of development, has been capitalised and included in the cost of property.

Fund Accounting

Funds held by the Charity are either:

Unrestricted General Funds

Funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted Funds

These are funds which can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

2. Operating profit

Operating profit is stated after charging:

	2004	2003
	£	£
Directors' emoluments	-	-
Depreciation	6,250	-
Auditor's fees	1,861	742
Legal and professional fees	1,522	15
Professional support – ARK Housing Association Limited	12,549	4,950

The Company has no employees.

3. Interest receivable

	2004	2003
	£	£
Interest receivable	<u>2,443</u>	<u>2,437</u>

Interest is receivable in respect of bank deposits.

4. Interest payable

	2004	2003
	£	£
Interest payable	<u>23,769</u>	<u>6,899</u>

Interest is payable in respect of bank loans and overdraft.

ARK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

5. Tangible fixed assets

	Freehold Property £
Cost	
At 1 April 2003	1,269,914
Additions	<u>2,309,817</u>
At 31 March 2004	<u>3,579,731</u>
 Depreciation	 <u>6,250</u>
 Capital Grants	
At 1 April 2003	731,822
Additions	<u>1,039,716</u>
At 31 March 2004	<u>1,771,538</u>
 Net book value	
At 31 March 2004	<u>1,801,943</u>
 At 31 March 2003	<u><u>538,092</u></u>

Interest capitalised amounted to £31,404 (2003: £664).

6. Debtors

	2004 £	2003 £
Amounts due from parent undertaking	114,316	53,580
Other Debtors	<u>14,732</u>	<u>15,096</u>
	<u>129,048</u>	<u>68,676</u>

7. Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts Due to Care Providers	47,364	-
Amounts due to parent undertaking	68,310	27,490
Bank loans and overdraft	23,595	8,460
Accruals	121,802	202,151
Deferred income	<u>-</u>	<u>225,597</u>
 Other creditors	 <u>261,071</u>	 <u>463,698</u>

ARK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

8. Creditors: amounts falling due after more than one year

	2004	2003
	£	£
Housing loans	<u>1,846,697</u>	<u>372,683</u>
Loans are repayable in instalments:		
Within one year	23,595	-
Between one and two years	30,499	-
Between two and five years	102,890	17,677
After five years	<u>1,713,308</u>	<u>355,006</u>
Other creditors	<u>1,870,292</u>	<u>372,683</u>

The loans are secured by standard security over the company's property and bank account. The loans are repayable by annual instalments. Interest is charged on the loans at market rates.

9. General Reserves

	2004	2003
	£	£
Balance at 1 April 2003	15,455	6,944
Surplus for the year	<u>7,480</u>	<u>8,511</u>
Balance at 31 March 2004	<u>22,935</u>	<u>15,455</u>

10 Restricted Reserves

	At 1	Incoming	Outgoing	Transferred	At 31
	April	Resources	Resources	to Deferred	March
	2003	Resources	Resources	Income	2004
	£	£	£	£	£
Development Grants	<u>-</u>	<u>1,265,313</u>	<u>(1,265,313)</u>	<u>-</u>	<u>-</u>

11. Related party transactions

ARK Housing Association provides professional and administrative support to ARK Services Limited. A charge of £40,820 was made during the period and at 31 March 2004 there was a balance of £ 68,310 owed to ARK Housing Association. In addition, ARK Housing Association owed ARK Services Limited £114,316 for rents collected on behalf of ARK Services Limited.

ARK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

12 Ultimate parent undertaking

ARK Services Limited is a wholly owned subsidiary of ARK Housing Association Limited, a registered social landlord in Scotland. Consolidated group accounts are available from ARK Housing Association Limited, The Priory, Canaan Lane, Edinburgh, EH10 4SG.

13 Capital Commitments

	2004	2003
	£	£
Amounts contracted for but not provided in the accounts	813,081	-
Amounts authorised but not contracted for	<u>-</u>	<u>1,157,518</u>
	<u>813,081</u>	<u>1,157,518</u>

These capital commitments will be funded by a loan facility of £919,350. The balance will be funded by:

- Communities Scotland
- Aberdeen City Council

ARK SERVICES LIMITED
DETAILED INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2004

	2004	2003
	£	£
Income		
Rental Income	55,313	19,221
Overheads		
Scheme Running Costs	(4,221)	(303)
Depreciation	6,250	-
Administrative expenses	<u>(16,036)</u>	<u>(5,945)</u>
Operating Surplus	28,806	12,973
Bank interest receivable	<u>2,443</u>	<u>2,437</u>
	31,249	15,410
Interest Payable	<u>(23,769)</u>	(6,899)
Surplus on ordinary activities	<u><u>7,480</u></u>	<u><u>8,511</u></u>

ARK SERVICES LIMITED

NOTES TO THE DETAILED INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2004

	2004	2003
	£	£
General expenses		
Management charges	12,549	4,950
Legal and professional fees	1,522	15
Auditors remuneration	1,861	742
Bank Charges	104	58
Other	-	180
	<hr/>	<hr/>
	16,036	5,945