



Grant Thornton

Financial statements
Skainos Limited
Company Limited by
Guarantee

For the Year Ended 31 March 2010

Officers and professional advisers

Company registration number

NI53673

Directors

G Crooks
P N Blair
Rev G Mason
L J Hopley
J Brown
D J Kerr
M O McCarthy (resigned 2009)
N M T Sheridan
B McConnell
J O'Donnell
N Blair
D Mullan
J A Allen
D Nixon (appointed 2009)

Secretary

G Jordan

Bankers

Ulster Bank Limited
Arches Retail Park
Belfast
BT5 4AF

Solicitors

MacCorkell Legal & Commercial
Private Client & Commercial Solicitors
Garvey Studios, 8-10 Longstone Street
Lisburn
BT28 1TP

Auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Water's Edge
Clarendon Dock
BELFAST
BT1 3BH

Contents

Report of the directors	3 - 6
Report of the independent auditor	7 - 8
Accounting policies	9
Statement of financial activities	10
Balance sheet	11
Notes to the financial statements	12 - 14

Report of the directors

The Board have pleasure in presenting their report for the twelve month period ended 31st March 2010. This report is prepared in accordance with the Memorandum of Association and the Statement of Recommended Practice – Accounting and Reporting Charities 2005.

Structure, Governance and Management

The company is incorporated as Skainos Limited and registered in Northern Ireland as a company limited by guarantee and not having a share capital. Its Company Number is NI053673.

The Company is governed by its Memorandum and Articles of Association. The company has been granted charitable status by the Inland Revenue and accordingly is exempt from income tax, corporation tax and capital gains tax. Its charity reference number is XR73840.

The day to day work of Skainos is carried out by the Skainos Unit headed by the Skainos Director Glenn Jordan with support from two part-time consultants. The board wish to place on record their appreciation to the Skainos Unit.

Objectives and Activities

A review of Skainos activities and achievements for this period are set out in the organisation's annual report. During the period the Board duties have included overseeing the implementation of the main objectives of the Company and more specifically responding to Government and Funding agencies in relation to the Skainos Business Plan and independently commissioned Economic Appraisal. During the year our Integrated Design Team has provided final plans and we have received planning permission for the Skainos buildings which will help regenerate an area of need. The objects of the Company include:

The promotion for the public benefit of urban regeneration in East Belfast (the "area of benefit"), being an area of social and economic deprivation, by all or any of the following means:

- (i) the relief of poverty in such ways as may be thought fit;
- (ii) the relief of unemployment in such ways as may be thought fit, including assistance to find employment;
- (iii) the advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience;
- (iv) the provision of financial assistance, technical assistance or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help: (i) in setting up their own business, or (ii) to existing businesses;
- (v) the creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms.

Report of the directors

Reference and Administration details

The Board is made up of 13 directors - 4 nominated by East Belfast Mission, 2 nominated by the Trustees of the Methodist Church in Ireland, 3 nominated by Oaklee Housing Association and 4 representatives from the community.

Bernie McConnell, Joseph O'Donnell, Peter Neil Blair, one to be appointed from the community, James Brown, Gary Crooks, Linda Jean Hopley, Nicky Blair, David Mullan, David James Kerr, Gary James Mason, Des Nixon, Jack Allen, Niall Martin Thomas Sheridan

Financial Review

Reserves Policy

The Executive of the Board have set a Reserves Policy whereby the aim is to have unrestricted reserves held by the charity of the equivalent of three months of the unrestricted resources expended plus a redundancy reserve when applicable. This currently equates to £1,655 while the actual reserves at present are £2,156

Risk Review

The Board assess the major risks to which the charity are exposed on an ongoing basis. In particular those related to the operations and finances of the company and are satisfied that systems are in place to mitigate our exposure to the major risks. A risk review document for the project has been prepared and is reviewed monthly and reconsidered in detail quarterly.

Activities during 2009/10

The full funding package was confirmed in March 2009 when the Department for Social Development issued a letter of offer.

Project design was finalised during the year following a range of client consultations and local community open nights to ensure the widest possible engagement on design. The scheme's Integrated Design Team (IDT) lodged a planning application which was successful in September 2009. Legal agreements were finalised during the year with our housing partners Oaklee Housing and with East Belfast Mission and the full site is now in the full ownership of Skainos. A Memorandum of Understanding (MOU) has been agreed in draft form with funders as to which elements of the scheme each funder is funding. When the MOU is signed any funds due to Skainos by funders will be released. Currently Skainos are awaiting a grant of £500k from the International Fund for Ireland (IFI) for the purchase of land. A loan facility from East Belfast Mission is in place to fund this amount until IFI are in a position to fund the transfer. A tender process for the development contractor commenced in March 2010 and the contract should be awarded in June 2010. Bank facilities are in place for the funding of the development and for the private apartments within the development.

Phase 1 of an archaeological dig on a part of the site began in June and completed in November. The dig took place on the site of an old graveyard which had been covered over just after the second World War. Phase 2 will begin when Hosford House is vacated and demolished. On December 31 a second funeral service was held to memorialise the remains which were exhumed. The Board of Skainos wish to record its thanks to James Brown and Sons, Funeral Directors for their assistance and support.

Report of the directors

Thanks are also due to the staff and volunteers and congregation of East Belfast Mission who endured the disruption of major changes this year. In September the office staff at EBM vacated their offices and moved across to 240 Newtownards Road. The congregation also held its final worship service on 3rd January before establishing themselves till the end of construction in the Connswater Community Centre.

This year has been a period of rapid and profound development in the project and the Board wishes to convey its thanks to all the partner organisations including East Belfast Mission, Oaklee Housing Association, Age Concern, Belfast Metropolitan College, the Department for Social Development, the International Fund for Ireland, the Special EU Programmes Body and Central Procurement Directorate.

Plans for the Future

The current business plan includes outline plans to regenerate a two acre site on the bottom of the Newtownards Road and has been approved by the Department of Social Development (DSD).

The incoming year will include Phase 2 of the archaeology. Remedial work will also begin to enable the EBM Warehouse and Café to move premises and ensure that the entire site is vacated before a contractor takes possession of the site.

It is anticipated that in the next financial year there is a commitment to expected expenditure of £6,000,000 on development costs for the project. It is anticipated that a contract will be signed with the successful contractor in July 2010. The Skainos Team are confident that construction should begin by August 2010.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors 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 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

Report of the directors

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

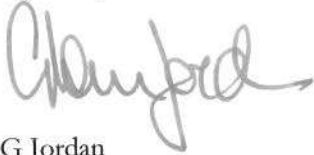
Auditor

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Small company exemptions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed by order of the Board:



G Jordan
Secretary

Approved by the Board on 29 June 2010

Report of the independent auditor to the members of Skainos Limited Company Limited by Guarantee

We have audited the financial statements of Skainos Limited for the year ended 31 March 2010 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein. 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 charitable 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 auditors

The trustees' (who are also the directors of Skainos Limited for the purposes of company law) responsibilities for preparing the Directors Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether the information given in the Directors Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the Directors Annual Report, and consider whether it is consistent with the audited financial statements. 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 other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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 auditor to the members of Skainos Limited Company Limited by Guarantee

Opinion

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 2010 and of its incoming resources and application of resources, including its income and expenditure, for the 31 March 2010 then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Directors Annual Report is consistent with the financial statements.

Trevor T Blayney
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Belfast

8/7/10



Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Incoming Resources

The incoming resources shown in the income and expenditure account represents grants and donations.

Fixed assets

All fixed assets are initially recorded at cost.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Statement of Financial Activities

	Note	2010 £	2009 £
Incoming resources		6,623	36,656
Resources expended	1	6,623	36,568
Operating surplus	2	—	88
Interest payable and similar charges		—	88
Surplus on ordinary activities		—	—
Surplus for the financial year		—	—
Balance brought forward		2,156	2,156
Balance carried forward		2,156	2,156

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The income and expenditure relate to restricted activities.

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	3	<u>2,513,088</u>	<u>689,710</u>
Current assets			
Debtors	4	867,342	61,280
Cash at bank		<u>241,553</u>	<u>12,344</u>
		<u>1,108,895</u>	<u>73,624</u>
Creditors: amounts falling due within one year	5	<u>1,106,739</u>	<u>435,410</u>
Net current assets/(liabilities)		<u>2,156</u>	<u>(361,786)</u>
Total assets less current liabilities		<u>2,515,244</u>	<u>327,924</u>
Capital grants	6	<u>2,513,088</u>	<u>325,768</u>
		<u>2,156</u>	<u>2,156</u>
Funds	8		
Restricted income funds		<u>2,156</u>	<u>2,156</u>
Total funds		<u>2,156</u>	<u>2,156</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 29 June 2010., and are signed on their behalf by:

G Crooks
 Director



Company Registration Number: NI53673

Notes to the financial statements

1 Other operating charges

	2010 £	2009 £
Administrative expenses	<u>6,623</u>	<u>36,568</u>

2 Operating surplus

Operating surplus is stated after charging:

	2010 £	2009 £
Operating lease costs:		
- Other	-	917
- Audit	<u>1,650</u>	<u>1,500</u>

3 Tangible fixed assets

	Freehold Property £
Cost	
At 1 April 2009	689,710
Additions	1,823,378
At 31 March 2010	<u>2,513,088</u>
Depreciation	
At 1 April 2009 and 31 March 2010	<u>-</u>
Net book value	
At 31 March 2010	<u>2,513,088</u>
At 31 March 2009	<u>689,710</u>

4 Debtors

	2010 £	2009 £
Other debtors	<u>867,342</u>	<u>61,280</u>
	<u>867,342</u>	<u>61,280</u>

5 Creditors: amounts falling due within one year

	2010 £	2009 £
Amounts owed to related undertakings	542,359	363,942
Other creditors	564,380	71,468
	<u>1,106,739</u>	<u>435,410</u>

Other creditors include an amount of £550,000 in relation to an advance from the SEUPB.

6 Capital grants

	2010 £	2009 £
Received and receivable:		
At 1 April 2009	325,768	112,427
Receivable during year	2,187,320	213,341
At 31 March 2010	<u>2,513,088</u>	<u>325,768</u>
Amortisation:		
At 31 March 2010	<u>-</u>	<u>-</u>
Net balance at 31 March 2010	<u>2,513,088</u>	<u>325,768</u>

7 Related party transactions

As a result of property being transferred from East Belfast Mission, a company in which some of the board members are directors, the total amount due to East Belfast Mission was £542,359 (2009: £363,942).

8 Company limited by guarantee

The liability of the members is limited to £1. At 31 March 2010 there were 13 members.

9 Analysis of net assets between funds

	Tangible fixed assets £	Capital Grant £	Net current assets/ (liabilities) £	Total £
Restricted Funds:	2,513,088	(2,513,088)	2,156	2,156
Unrestricted Funds	-	-	-	-
Total Funds	<u>2,513,088</u>	<u>(2,513,088)</u>	<u>2,156</u>	<u>2,156</u>

10 Income and expenditure account

	2010	2009
	£	£
Balance brought forward	2,156	2,156
Balance carried forward	<u>2,156</u>	<u>2,156</u>

11 Capital commitment

The Board has approved development cost in the region of £6 m.

Management information

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 7 to 8.

Income and expenditure account

	2010 £	2009 £
Incoming resources		
Grants	–	31,188
Donations	6,623	5,468
	<u>6,623</u>	<u>36,656</u>
Overheads		
Administrative expenses	6,623	36,568
Operating surplus	–	88
Bank interest payable	–	(88)
Surplus on ordinary activities	<u>–</u>	<u>–</u>

Notes to the detailed income and expenditure account

	2010	2009
	£	£
Administrative expenses		
Personnel costs		
Wages and salaries	–	18,291
Establishment expenses		
Rent	–	917
Rates and water	–	29
Light and heat	306	800
Insurance	3,589	4,724
Repairs and maintenance	–	123
	<u>3,895</u>	<u>6,593</u>
General expenses		
Travel and subsistence	–	496
Telephone	483	356
Printing, stationery and postage	43	1,270
General expenses	33	118
Legal and professional fees	376	7,944
Audit fees	1,679	1,500
	<u>2,614</u>	<u>11,684</u>
Financial costs		
Bank charges	114	–
	<u>6,623</u>	<u>36,568</u>