

**JULIAN HOUSE**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**CONTENTS**

	<b>Page</b>
Legal and administrative details	2
Report of the Board of Management	3 - 7
Report of the auditors	8
Consolidated Income and Expenditure account	9
Consolidated Balance Sheet	10
Accounting policies	11-12
Notes to the financial statements	12 - 23

## JULIAN HOUSE

### LEGAL AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 MARCH 2012

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**Registration number (under the Industrial and Provident Societies Act 1965)**

19305R

**Registered with the Tenant Services Authority as a Registered Provider -  
registration number**

L4549

**Registered office**

55 New King Street  
Bath  
BA1 2BN

**Board of Management**

**Elected**

Libby Gawith  
Bob Alderman \*  
Matthew Graham  
Jenny Herbert \*  
Barry Hughes  
Amanda Loran \*  
David Lyon  
Sean McDonagh  
Jonathan O'Shea  
Annie Paddock  
Ben Simpson  
John Symonds  
Christine Tuckerman  
Roger Wain-Heapy  
Claire Wynne-Hughes \*

**Chair**

(Resigned March 2012)

(Appointed July 2012)

Treasurer

(Appointed July 2012)

(Resigned July 2012)

\* on the Board for more than 9 years

**Chief Executive and  
Secretary**

Peter Denning  
Rob Barclay  
Ian Sutherland

(Appointed January 2012)

(Interim from July 2011 to November 2011)

(Retired June 2011)

**Senior Management Team**

John Isserlis  
Hugh Prentice  
Cecil Weir

Client Services Manager

Finance and Systems Manager

PR and Fundraising Manager

**Auditors**

Bishop Fleming  
16 Queen Square  
Bristol BS1 4NT

**Bankers**

Lloyds TSB  
Milsom Street  
Bath BA1 1DN

Bank of Scotland  
Bath Street  
Glasgow GL2 2DH

CAF Bank Ltd  
Kings Hill  
Kent ME19 4JQ

**REPORT OF THE BOARD OF MANAGEMENT  
FOR THE YEAR ENDED 31 MARCH 2012**

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The Board of Management present their report together with financial statements for the year ended 31 March 2012.

**Structure, Governance & Management**

The Society is a charitable housing society registered under the Industrial & Provident Societies Act 1965, which was first registered in 1988. The Society is also a Registered Provider, registered with the Tenant Services Authority.

The objects and powers of the Society are laid down in its Rules which are based on the National Housing Federation's Model Rules 2005.

The strategy and direction of the Society is provided by the Board of Management and a number of Groups (i.e. committees) and Working Groups (i.e. time limited Groups). The implementation of the society's strategy and the provision of its day-to-day services are delegated to the Chief Executive and the Senior Management Team.

The Board has signed up to the code of governance for members of the National Housing Federation and seeks to abide at all times by the principles of good governance outlined in that document – principles that require work to the very highest ethical standards and in the spirit of openness and accountability to all stakeholders.

Julian House tailored its own specific Code of Governance in 2005 based on the NHF's Competence & Accountability 2004 (Code of Governance for members of the National Housing Federation) and in line with the flexibility offered in paragraph A1 of the Code. The Julian House Code explicitly states how the NHF Code has been interpreted and implemented within Julian House. For example: the NHF Code B11 says 'Where a board agrees to pay its members it should .....' The Julian House Code B11 says 'The Julian House Board does not pay its members'.

In August 2008 Julian House changed its Rules to a set based on the NHF Model Rules 2005 which now incorporate this Code of Governance into the Society's constitution.

At 31 March 2012 there were 12 members, each of whom held a single £1 share. This is the limit of their liability should the Society be wound up.

Those Board members who have been on the Board for more than 9 years are not considered to be "independent".

Ian Sutherland was Chief Executive of the Society from its incorporation in 1987 until his retirement in June 2012. The Board recognises the enormous impact Ian had on meeting the Society's objective to "eradicate the need for rough sleeping" in Bath. The Board is immensely grateful to Ian for this, and for being the driving force in making the Society what it is today.

Julian House has one subsidiary - Julian House Trading Limited (JHT). JHT is a company limited by shares, which are all held by Julian House. Since April 2011 JHT operates as a social enterprise which offers employment and training opportunities to disadvantaged individuals; and which make profits that can be used to further the aims of Julian House. Any profits from JHT are covenanted to Julian House. The JHT Board of Management includes two members of the JH Board of Management - Christine Tuckerman and Barry Hughes.

**Policy for admitting & removing shareholders**

The Julian House policy for admitting and removing shareholders is that:

- only appointed or elected Board members may become shareholders
- once an appointed or elected Board member ceases to be a Board member then they cease to be a shareholder

This policy was arrived at following a full consultation process with the then 84 shareholders where it was agreed that the relatively large shareholder base was not fulfilling any significant role in holding the Board to account, and that it would be more appropriate to limit shareholding membership to appointed or elected Board members.

In August 2008 Julian House adopted a new set of NHF Model Rules which incorporated the optional wording: '*a shareholder shall cease to be a shareholder if they cease to be a Board member*'

**REPORT OF THE BOARD OF MANAGEMENT (continued)  
FOR THE YEAR ENDED 31 MARCH 2012**

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**Recruitment & Appointment of Board Members**

The Society is currently exploring the most appropriate method of involving its service users in its governance. Work continues on the creation of a Service User Council that will debate a range of issues and this may be a more effective method of informing Board decisions.

At each AGM one third of the elected Board members are required to stand down. At the forthcoming AGM Jonathan O'Shea, Matthew Graham, Ben Simpson and David Lyon are standing down and all four are making themselves available for re-election. The Julian House Board has considered the contribution of these members and wholeheartedly supports their re-election.

Any Board member who has been appointed by the Board since the previous AGM is also required to stand down and make themselves available for election at the next AGM. Barry Hughes and Sean McDonough are therefore standing down at the AGM and making themselves available for re-election.

In February 2010 Julian House was registered with the Tenant Services Authority as a Registered Provider. A requirement of this registration is that there should be a maximum of 15 Board members (including co-optees). At the time of registration there were 18 Board members. At 31st March 2012 Board membership had reduced to 12 by natural wastage, but then subsequently increased to 13.

**Board Members' Induction & Training**

New Board members undergo a period of induction. They receive an induction pack containing details of Board and management structures, a copy of the Society's Code of Governance and its Rules (i.e. constitution), and information on all the Society's projects and services.

Within the first few weeks new members are briefed by each member of the Senior Management Team on the content and issues of their respective areas of responsibility and go on to visit each project and service to meet staff and service users. New Board members are encouraged to be trained as volunteers and to undertake some volunteer sessions in Julian House night shelter and/or day centre, in order to experience grass roots service delivery. Board members are required to sign an 'Agreement of Board Membership' to signify their understanding of their role and responsibilities as a Board member.

**Risk Management**

The Board conducts a review of the major risks to which the Society is exposed. A risk register has been established and is updated at least annually. Where appropriate, systems have been established to mitigate the risks.

Internal control risks are minimised by clearly defining levels of delegated authority and by implementing systems of authorisation.

Procedures are in place to ensure compliance with the health and safety of staff, volunteers, service users and visitors. Health and safety has a high profile across the Society with significant levels of Board and staff participation and some service user participation.

**Organisational Structure**

Julian House is aiming to hold its Board to between 12 and 14 Board members, which can include a maximum of five co-opted members. The Chief Executive and Senior Management Team are in attendance at Board meetings as is an elected staff representative. No staff have voting rights. However, on significant issues staff comments and views are minuted. The Board had 12 elected/appointed members at 31st March 2012.

A scheme of delegation is in place and the implementation of the Society's strategy and its day-to-day operations rests with the Chief Executive along with the Senior Management Team. The Chief Executive is responsible for ensuring the Society delivers the services specified and that key performance indicators are met.

**Related Parties**

In so far as it is complimentary to the Society's objects, the Society is guided by both local and national policy. It also strives to work in partnership with other voluntary agencies, statutory agencies and service commissioners to achieve the best overall outcomes for existing and future service users.

**REPORT OF THE BOARD OF MANAGEMENT (continued)  
FOR THE YEAR ENDED 31 MARCH 2012**

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B&NES' Supporting People & Communities grants are the dominant funding for the majority of Julian House's services. Most of this funding is provided to B&NES by central government (the Department of Communities & Local Government (CLG))

The Society plays a major role in shaping service developments affecting its service user group in B&NES through active participation in a wide range of statutory and voluntary sector forums.

The Society has also developed a close working relationship with the Probation Service and Police through the provision of its accommodation project (Peter House) for prolific offenders leaving prison with nowhere to live.

**Objects & Activities**

The Society's objects are:

To carry on for the benefit of the community and in particular for the socially and economically disadvantaged or vulnerable, or for the relief of aged, disabled, handicapped (whether physically or mentally) or chronically sick people the following:

- the business of providing housing, accommodation and assistance to help house people and sustain them in housing and independent living, and associated facilities and amenities,
- the development of the capacity and skills of individuals in such a way that they are better able to identify and help meet their own needs and to participate more fully in society, in particular but without limitation by providing training, employment and other support and opportunities which will enable them to sustain housing and independent living and achieve their fullest potential
- any other charitable object that can be carried out by an Industrial & Provident Society

The Society's objects are translated into a strategic direction which is enshrined in its Purpose:

- Reduce homelessness and eradicate the need for rough sleeping

The Society is further guided in what it does and how it does it by an explicit set of values. Julian House's values are to:

- hold clients central to everything it does
- pursue effectiveness, efficiency & financial stability
- value all those who work within the Society
- embrace & lead change and development
- strive for fairness & equality
- act responsibly towards the environment

Julian House's 2012-17 Strategic Aims:

- be the major local influence and contributor to the development of progressive, sustainable and integrated solutions to homelessness, whilst increasing the organisations base of services in B&NES and surrounding local authority areas
- provide effective value-for-money services that contribute to positive outcomes for service users
- empower and facilitate service user contributions to the services they use and to the development of new services
- advocate and fight against discrimination, inequalities and injustices faced directly or indirectly by service users
- be acknowledged as a good employer with a commitment to equal opportunities and personal development
- increase financial organisational stability year-on-year whilst contributing to a sustainable environment

The work of the Society is carried out by a team of 40 staff supported by 65 volunteers who cook, serve food, prepare beds and engage socially with the homeless people using the Night Shelter and Day Centre. The volunteers work on a rota to provide cover for 2.5 hours each morning in the Day Centre and 2.5 hours in the evening in the Night Shelter. Over the year volunteers have provided over 3,400 hours of support. The Society is extremely grateful for the time provided by volunteers.

The Society operates a trading subsidiary which covenants any profits to the Society.

**JULIAN HOUSE**

## **Principal funding sources**

### ***Statutory funding***

During the year B&NES local authority has undertaken a major review of its Supporting People and Communities grant programme. The majority of Julian House's grant funded services were recommissioned for a further three years but the grants were subject to cuts in excess of 20%. Julian House's floating support services became part of a B&NES wide restructuring exercise which brought the services provided under twelve different contracts from four different providers into one new contract. Julian House was not successful in winning one contract when it went out to competitive tender in January 2011.

Julian House was successful in acquiring additional grant funding to extend its Meaningful Occupation services and to take-on a new hostel for people with learning difficulties and mental health problems.

### ***Rent***

The second major category of income derives from rents, normally paid via housing benefit. The rent levels charged by the Society reflect the costs incurred by the Society in providing and managing the accommodation.

### ***Voluntary Income***

The breadth of the Society's income streams meant that voluntary income stood up very well in very challenging circumstances. In particular the Christmas Appeal was the most successful ever. The Society is very grateful for the contributions that people make, for without them the Society could not achieve the outcomes that it does.

One particular grant from a charitable trust (CRISIS) has enabled Julian House to establish a new service that aims to open up the private rented sector to homeless people.

### ***Charity Shops***

The charity shop in St James' Parade, Bath was closed in April 2011 because of poor performance. The Walcot St shop continues to perform well. A shop on Shaftsbury Road was opened in November 2011, and other shops are being sought.

### ***Investment Policy***

Aside from retaining a prudent amount in an interest bearing bank current account to cover immediate outgoings, the balance of Julian House's reserves are held in a bank and building society accounts paying competitive rates of interest.

### ***Reserves Policy***

Julian House's Reserves Policy takes into account the risks associated with its major funding streams and the predicted cash flow requirements during the year. The annual review of this policy determined the need for free reserves of approximately £185k.

A fund is also maintained for the future major repairs and maintenance of Julian House's properties. At the close of the year these combined funds stood at £66k - now excluding funds for the refurbishment at the night shelter. (2011 £139k). The refurbishment of the night shelter commenced in July 2012, and is likely to cost £435k - this amount less committed external funding of £175k has been separately designated. Further funds are additionally being sought to cover the shortfall.

Other risks that are considered include the need to close Julian House in the event of some catastrophe. These costs fall well within the free reserves identified above.

In previous years the Board had plans to relocate the night shelter, and had been designating funds into the New Projects Fund for this purpose. Having explored many options over the years, the Board has now decided to refurbish the existing premises, and has allocated funds from the New Projects Fund for this purpose. At the end of the year the New Projects Fund stands at £541k (2011

## **JULIAN HOUSE**

### **REPORT OF THE BOARD OF MANAGEMENT (continued) FOR THE YEAR ENDED 31 MARCH 2012**

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#### **Responsibilities of the Board of Management**

The Industrial and Provident Societies Acts 1965 requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Julian House and its subsidiary and the surplus or deficit for that period.

In preparing these financial statements the Board of Management is required to:

- a) Select suitable accounting policies and apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements been followed, subject to any departures disclosed and explained in the financial statements;
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Julian House will continue in operation.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Julian House and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965. The Board is also responsible for safeguarding the assets of Julian House and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

This year the audit services were reviewed and the process is put out to tender, and Bishop Fleming were appointed for a further year.

#### **Going concern**

After making enquiries, the Board of Management has a reasonable expectation that Julian House has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Approved by the Board of Management on

and signed on its behalf by:-

Peter Denning  
Secretary

**Independent Auditor's Report to the Members of Julian House**

We have audited the financial statements of Julian House for the year ended 31 March 2012 which comprise the Balance Sheets, the Consolidated Income and Expenditure Account and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Society's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Committee of Management and Auditors**

The Board of Management's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Committee of Management's Responsibilities.

Our responsibility, as independent auditor, 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 and are properly prepared in accordance with UK Generally Accepted Accounting Practice and the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1 to the Housing Act 1996 and The Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained or if proper books of account have not been kept by the Society.

In addition we state if we have not obtained all the information and explanations necessary for the purposes of our audit or if the Society's balance sheet and its revenue account are not in agreement with the books of account.

We read other information contained in the Report of the Committee of Management 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 any 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 Committee of Management in the preparation of the financial statements and of whether the accounting policies are appropriate to the Society'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 the group's and the parent Society's affairs at 31 March 2012 and of the group's income and expenditure for the year then ended and have been properly prepared in accordance with UK Generally Accepted Accounting Practice and with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1 to the Housing Act 1996 and The Accounting Requirements for Registered Social Landlords General Determination 2006.

Bishop Fleming  
16 Queen Square  
Bristol  
BS1 4NT

Date:



**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
<b>TURNOVER</b>	<b>2a</b>	<b>1,733,585</b>	1,803,258
Operating Costs	<b>2a &amp; b</b>	<b>(1,726,210)</b>	(1,691,872)
<b>Operating Surplus/(Deficit)</b>	<b>2a &amp; b</b>	<b>7,375</b>	111,386
Surplus on sale of housing accommodation		-	-
Interest Receivable and Other Similar Income	<b>6</b>	<b>7,882</b>	3,995
Interest Payable and Similar Charges		-	-
Other Income		<b>16,772</b>	44,956
Surplus on Ordinary Activities before Taxation		<b>32,029</b>	160,337
Tax on Surplus on Ordinary Activities	<b>20</b>	-	-
<b>SURPLUS FOR THE YEAR</b>		<b>32,029</b>	160,337
<b>MOVEMENT ON FREE RESERVES</b>			
<b>Income and Expenditure</b>			
Balance Brought Forward		<b>263,000</b>	603,243
Surplus for the year		<b>32,029</b>	160,337
Transfer (to) / from Capital Reserves	<b>14</b>	<b>(41,819)</b>	(22,982)
Transfer (to) / from Restricted Reserves	<b>15</b>	-	9,554
Transfer (to) / from Designated Reserves	<b>16</b>	<b>(68,836)</b>	(487,152)
<b>REVENUE RESERVE CARRIED FORWARD</b>		<b>184,374</b>	263,000

There were no other recognised surpluses or deficits other than those included in the Income and Expenditure Account for the above two financial years.


None of the Society's activities was acquired or discontinued during the year.

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2012

	Note	Society		Group	
		Year ended 31 Mar 2012 £	Year ended 31 Mar 2011 £	Year ended 31 Mar 2012 £	Year ended 31 Mar 2011 £
<b>Tangible assets</b>					
Freehold and leasehold properties	7	849,646	876,672	849,646	877,743
Fixtures, fittings and equipment	8	73,928	18,471	73,928	18,471
		<b>923,574</b>	895,143	<b>923,574</b>	896,214
<b>Investments</b>					
Investments in subsidiary	9	2	2	-	-
		<b>923,576</b>	895,145	<b>923,574</b>	896,214
<b>Current assets</b>					
Debtors	10	152,595	99,468	132,278	87,089
Stock		-	-	10,667	-
Bank and cash balances		1,055,370	1,141,135	1,081,165	1,194,210
		<b>1,207,965</b>	1,240,603	<b>1,224,110</b>	1,281,299
<b>Creditors: amounts falling due within one year</b>	11	<b>(167,871)</b>	(191,365)	<b>(184,014)</b>	(233,130)
<b>Net current assets</b>		<b>1,040,094</b>	1,049,238	<b>1,040,096</b>	1,048,169
<b>Total assets less current liabilities</b>		<b>1,963,670</b>	1,944,383	<b>1,963,670</b>	1,944,383
<b>Creditors: amounts falling due after one year</b>	12	<b>231,449</b>	244,193	<b>231,449</b>	244,193
<b>Total assets less liabilities</b>		<b>1,732,221</b>	1,700,190	<b>1,732,221</b>	1,700,190
<b>Capital and Reserves</b>					
Share Capital	13	12	10	12	10
Capital reserves Unrestricted	14	680,454	638,635	680,454	638,635
Other Reserves					
Restricted	15	-	-	-	-
Unrestricted Designated	16	867,381	798,545	867,381	798,545
Unrestricted Revenue reserves		184,374	263,000	184,374	263,000
		<b>1,732,221</b>	1,700,190	<b>1,732,221</b>	1,700,190

These financial statements were approved by the Board of Management at its meeting on

  
Chairperson

  
Secretary

  
Board member

The accompanying accounting policies and notes form an integral part of these financial statements.

JULIAN HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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## 1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies is set out below.

### Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with the requirements of the Statement of Recommended Practice for Accounting by Registered Housing Associations, and in accordance with Part III of Schedule I to the Housing Act 1996, and the Accounting Requirements for Registered Social Landlords General Determination 2006.

The group financial statements consolidate the results of the Society, Julian House Trading Limited and Julian House Accommodation Limited. As a consolidated income and expenditure account is published, a separate income and expenditure account for the parent entity is omitted from the group financial statements.

### Turnover

Turnover represents rental income receivable, and revenue and capital grants from central and local government and from national health trusts, spread over the period to which they relate.

### Voluntary income

Voluntary income represents all other non-statutory income, both capital and revenue, from whatever source, including legacies, and is recognised in the accounts when it is received. Except in the case of fund-raising events, no costs of fund-raising have been netted against voluntary income.

### Voluntary help and gifts in kind

No value has been put on the help received from Julian House's very many volunteers during the year. Individual gifts in kind of significant value are valued at estimated cost to the donor at the time of the gift and included in the Income and Expenditure Account; however there are numerous small gifts that cannot be quantified.

### Cyclical and major repairs and maintenance

Julian House makes provision for major repairs and maintenance on an annual basis at a prudent level, to provide a designated revenue reserve to offset these expenses when they occur.

### Administration costs

Administration costs relating to provision of services have been allocated to the provision of services.

### Pension costs

The cost of providing retirement pensions and related benefits is charged against revenue over the periods benefiting from the employee's services.

### Freehold and leasehold properties

The net cost of properties, after deducting capital grants received, is written off on a straight line basis over the expected economic useful lives of the assets, at the following rates:

Freehold property	Over 50 years
Initial cost of leasehold property	Over 25 years
Subsequent improvements to freehold/leasehold property	Over 10 years

### Other fixed assets and depreciation

Other tangible fixed assets are stated at cost less accumulated depreciation. Only items valued at more than £1,000 are capitalised. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Fixtures and fittings	20% straight line
Office equipment	20% straight line

## JULIAN HOUSE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## Fund accounting

### Capital reserves

Where Julian House has received grants or donations to specifically finance capital expenditure on properties, fixtures, fittings and office equipment, the amount of the grant is transferred to a specific Restricted Capital Reserve.

Once the reserve has been spent on purchasing an asset the Capital Reserve is written down at the same rate as the asset is depreciated.

Where other Society funds are used to purchase Fixed Assets, an equivalent value is transferred into Unrestricted Capital reserves, and written down at the same rate as the asset is depreciated.

### Other Reserves

#### Restricted reserves

Where Julian House has received grants or donations specifically to finance revenue expenditure, the amount of the grant is transferred to a specific restricted Reserve.

#### Unrestricted Designated reserves

Unrestricted designated reserves are reserves designated by the Board for specific purposes.

#### Unrestricted revenue reserves

Unrestricted funds are other incoming resources received or generated for expenditure on the general objectives of Julian House.

Working capital is retained in bank accounts.

### Taxation

As Julian House is a charity, it is exempt from any liability to taxation on its income or capital gains, if any. The Society is not registered for Value Added Tax, and where applicable, expenditure in these financial statements is stated inclusive of VAT.

## 2a.

### PARTICULARS OF TURNOVER, AND OPERATING COSTS

	2012			2011		
	Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
	£	£	£	£	£	£
<b>Social Housing Lettings (note 2b)</b>	604,407	698,974	<b>(94,567)</b>	467,459	582,991	(115,532)
<b>Other Social Housing Activities</b>						
- Supporting People	378,323	414,963	<b>(36,640)</b>	652,798	660,114	(7,316)
- Other	125,201	178,662	<b>(53,461)</b>	123,354	135,291	(11,937)
<b>Non-Social Housing Activities</b>						
Fundraising, trading and other	625,654	433,611	<b>192,043</b>	559,647	313,476	246,171
	<b>1,733,585</b>	<b>1,726,210</b>	<b>7,375</b>	<b>1,803,258</b>	<b>1,691,872</b>	<b>111,386</b>

JULIAN HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

2(b)

<b>PARTICULARS OF INCOME AND EXPENDITURE ON LETTINGS</b>	<b>2012</b>	<b>2011</b>
	£	£
<b>Income from social housing</b>		
Rent Receivable net of identifiable service charges	565,397	464,143
Service charges receivable	103,507	67,000
	<hr/>	<hr/>
<b>Gross Rental Income</b>	<b>668,904</b>	531,143
Less: Rent losses from voids	(64,497)	(63,684)
	<hr/>	<hr/>
<b>TURNOVER FROM SOCIAL HOUSING LETTINGS</b>	<b>604,407</b>	467,459
	<hr/>	<hr/>
<b>Expenditure on social housing lettings</b>		
Management	340,542	266,931
Services	174,690	106,339
Routine Maintenance	82,383	56,022
Bad Debts	19,577	63,684
Depreciation of Housing Properties	42,070	21,240
Other Costs	39,712	68,775
	<hr/>	<hr/>
<b>Operating Costs on Social Housing Lettings</b>	<b>698,974</b>	582,991
	<hr/>	<hr/>
<b>Operating (Loss) on Social Housing Lettings</b>	<b>(94,567)</b>	<b>(115,532)</b>
	<hr/>	<hr/>
<b>Number of Units</b>	<b>65</b>	<b>51</b>
	<hr/>	<hr/>
The average assured weekly rent was:	<b>197.90</b>	<b>200.28</b>
	<hr/>	<hr/>

**JULIAN HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	Society		Group		
		Year ended	Year ended 31	Year ended	Year ended 31	
		31 Mar	Mar	31 Mar	Mar	
3.	Operating surplus/deficit on activities	2012	2011	2012	2011	
		£	£	£	£	
The surplus/deficit on activities is stated after charging:						
Depreciation:	Freehold property	7	21,024	28,791	21,024	28,791
	Leasehold property	7	6,002	3,007	6,002	3,007
	Fixtures, fittings and equipment	8	21,662	6,987	21,662	6,987
	Auditors remuneration: for audit services		6,000	5,580	6,000	5,580

**4. Employment**

The average number of full-time-equivalent persons employed by Julian House during the year was 40 (2010 37).

Staff costs during the year were:

	£	£	£	£
Wages and salaries	902,902	1,025,576	902,902	1,025,576
Social security costs	93,891	97,179	93,891	97,179
Pension costs	22,904	29,587	22,904	29,587
	<b>1,019,697</b>	1,152,342	<b>1,019,697</b>	1,152,342

**5. Chief Executive's and Director's emoluments and interests**

Non-executive directors (elected members of the Board of Management)

In accordance with Board policy non-executive directors did not receive any emoluments (2011 £nil). No expenses were paid to non-executive directors (2011 £nil).

Chief Executive

During the year there were three Chief Executives. The first retired, an interim was employed for a few months, and the third remains in post. Collectively, the emoluments of the Chief Executives, who were/is co-opted to the Board, were £60,082 (2011 £67,554) including pension contributions of £4,144 (2011 £14,584). The Chief Executive is a member of the Social Housing Pension Scheme administered by The Pensions Trust.

**6. Interest receivable and similar income**

	Society		Group	
	£	£	£	£
Interest received on cash balances	7,202	3,993	7,882	3,995
	<b>7,202</b>	3,993	<b>7,882</b>	3,995

**JULIAN HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

**7. Tangible fixed assets properties**

**a. The Society**

		Freehold property £	Short Leasehold property £	Total £
Cost	At the beginning of the year	1,050,040	370,263	<b>1,420,303</b>
	Additions during the year	-	-	-
	(Disposals during the year)	-	-	-
	Transfer from subsidiary	-	-	-
	Transfer between classes	-	-	-
	At the end of the year	<b>1,050,040</b>	<b>370,263</b>	<b>1,420,303</b>
Capital Grants	At the beginning of the year	-	222,400	<b>222,400</b>
	Additions during the year	-	-	-
	At the end of the year	-	<b>222,400</b>	<b>222,400</b>
Depreciation	At the beginning of the year	194,398	126,833	<b>321,231</b>
	Charge for the year	21,024	6,002	<b>27,026</b>
	(On disposals)	-	-	-
	Transfer from subsidiary	-	-	-
	At the end of the year	<b>215,422</b>	<b>132,835</b>	<b>348,257</b>
Net book value	At the beginning of the year	<b>855,642</b>	<b>21,030</b>	<b>876,672</b>
	At the end of the year	<b>834,618</b>	<b>15,028</b>	<b>849,646</b>

Julian House owns the freehold to the Head Office in New King Street and two properties in Corn Street (9 bed residence).  
Julian House leases the two shops and several accommodation projects.

**b. The Group**

		Freehold property £	Short Leasehold property £	Total £
Cost	At the beginning of the year	1,050,040	371,334	<b>1,421,374</b>
	Additions during the year	-	-	-
	(Disposals during the year)	-	(1,071)	<b>(1,071)</b>
	Transfer between classes	-	-	-
	At the end of the year	<b>1,050,040</b>	<b>370,263</b>	<b>1,420,303</b>
Capital Grants	At the beginning of the year	-	222,400	<b>222,400</b>
	Additions during the year	-	-	-
	At the end of the year	-	<b>222,400</b>	<b>222,400</b>
Depreciation	At the beginning of the year	194,398	126,833	<b>321,231</b>
	Charge for the year	21,024	6,002	<b>27,026</b>
	(On disposals)	-	-	-
	Transfer between classes	-	-	-
	At the end of the year	<b>215,422</b>	<b>132,835</b>	<b>348,257</b>
Net book value	At the beginning of the year	<b>855,642</b>	<b>22,101</b>	<b>877,743</b>
	At the end of the year	<b>834,618</b>	<b>15,028</b>	<b>849,646</b>

**8. Fixtures, fittings and equipment**

**a. The Society**

		Fixtures & fittings £	Office equipment £	Total £
Cost	At the beginning of the year	47,249	79,273	<b>126,522</b>
	Additions during the year	31,353	45,766	<b>77,119</b>
	(Write offs during the year)	-	(23,397)	<b>(23,397)</b>
	At the end of the year	<b>78,602</b>	<b>101,642</b>	<b>180,244</b>
Depreciation	At the beginning of the year	28,778	79,273	<b>108,051</b>
	Charge for the year	12,510	9,152	<b>21,662</b>
	(Write offs during the year)	-	(23,397)	<b>(23,397)</b>
	At the end of the year	<b>41,288</b>	<b>65,028</b>	<b>106,316</b>
Net book value	At the beginning of the year	<b>18,471</b>	-	<b>18,471</b>
	At the end of the year	<b>37,314</b>	<b>36,614</b>	<b>73,928</b>

**b. The Group**

		Fixtures & fittings £	Office equipment £	Total £
Cost	At the beginning of the year	47,249	79,273	<b>126,522</b>
	Additions during the year	31,353	45,766	<b>77,119</b>
	(Write offs during the year)	-	(23,397)	<b>(23,397)</b>
	At the end of the year	<b>78,602</b>	<b>101,642</b>	<b>180,244</b>
Depreciation	At the beginning of the year	28,778	79,273	<b>108,051</b>
	Charge for the year	12,510	9,152	<b>21,662</b>
	(Write offs during the year)	-	(23,397)	<b>(23,397)</b>
	At the end of the year	<b>41,288</b>	<b>65,028</b>	<b>106,316</b>
Net book value	At the beginning of the year	<b>18,471</b>	-	<b>18,471</b>
	At the end of the year	<b>37,314</b>	<b>36,614</b>	<b>73,928</b>



## JULIAN HOUSE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 9. Fixed asset investments - Julian House Trading Ltd

	Year ended 31 Mar 2012	Year ended 31 Mar 2011
	£	£
Cost of investment	2	2
Loan to subsidiary company	-	-
	<u>2</u>	<u>2</u>

Julian House owns 100% of the share capital of Julian House Trading Ltd.

Julian House Trading Ltd is a private limited company, incorporated in England.

Since April 2011 Julian House Trading Ltd has traded as Bath Bike Workshop, a social enterprise selling refurbished bicycles and associated equipment and services

As Julian House Trading Ltd covenants any profit to Julian House, it had no retained reserves at 31 March 2011. The company's financial statements for the year ended 31 March 2012 show the following:

	Year ended 31 Mar 2012	Year ended 31 Mar 2011
	£	£
Turnover	93,569	3,137
Costs of sales	(19,151)	(3,060)
Amortisation of leasehold property costs	(85,720)	-
	<u>(11,302)</u>	<u>77</u>
Management Charges made by Julian House	-	-
Interest earned	676	2
	<u>(10,626)</u>	<u>79</u>

Julian House is supporting Julian House Trading Ltd through this trading loss. In 2011 the £79 profit was covenanted to Julian House

**JULIAN HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

	Society		Group	
	Year ended	Year ended 31	Year ended	Year ended 31
	31 Mar	Mar	31 Mar	Mar
	2012	2011	2012	2011
	£	£	£	£
<b>10. Debtors amounts falling due within one year</b>				
Amounts due from subsidiary	40,187	14,130	-	-
Arrears of Housing Benefit	52,195	34,136	52,195	34,136
VAT	-	-	12,047	-
Accrued Building Society interest	822	447	822	447
Other debtors and prepayments	59,391	50,755	67,214	52,506
				-
	<b>152,595</b>	99,468	<b>132,278</b>	87,089
<b>11. Creditors amounts falling due within one year</b>				
	£	£	£	£
Deferred income	60,827	87,182	72,871	127,182
Other Taxes and Social Security Costs	32,671	43,615	32,671	44,102
Other creditors and accruals	62,703	48,256	66,802	49,534
Mortgage account	11,670	12,312	11,670	12,312
	<b>167,871</b>	191,365	<b>184,014</b>	233,130
<b>12. Creditors amounts falling due after one year</b>				
Mortgage account	<b>231,449</b>	244,193	<b>231,449</b>	244,193

Julian House took out this mortgage in 2008 with the Bank of Scotland to facilitate the purchase of the Corn Street properties, which form the security for the mortgage. Interest on the mortgage is charged at 1.3% above bank base rate.

Amount repayable between 1 and 2 years	<b>11,670</b>
Amount repayable between 2 and 5 years	<b>35,010</b>
Amount repayable after 5 years	<b>184,769</b>

**13. Share capital**

Allotted, issued and fully paid: 12 ordinary shares of £1 each (2011 £10)

Shares in Julian House are neither withdrawable or transferable, carry no right to interest, dividend or bonus, and do not entitle the owner to participate in the company's assets other than to the extent of the nominal value. Each member holds one share only in Julian House.

**14. Capital reserves Unrestricted**

	Freehold	Leasehold	Fixtures & Fittings	Office Equipment	Total
	£	£	£	£	£
Transfer to Reserves	28,058	20,679	15,844	36,613	<b>101,194</b>
Transfer from Reserves	(35,696)	(23,679)	-	-	<b>(59,375)</b>
	(7,638)	(3,000)	15,844	36,613	<b>41,819</b>
Balances at the beginning of the year	596,136	21,029	21,470	-	<b>638,635</b>
Balances at the end of the year	<b>588,498</b>	<b>18,029</b>	<b>37,314</b>	<b>36,613</b>	<b>680,454</b>

Capital Reserves represent Society funds used to purchase Fixed Assets. Depreciation charged against these Fixed Assets reduces the relevant Capital reserve, so that the net book value of the asset is fully matched by Capital Reserves.

**JULIAN HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

**15. Restricted Reserves**

	St Monica Fund	Homeless Link Fund	Total
	£	£	£
Income	12,000	3,762	15,762
Expenditure	(12,000)	(3,762)	(15,762)
	-	-	-
Balances at the beginning of the year	-	-	-
Balances at the end of the year	-	-	-

**a. St Monica Fund**

This grant is provided by St Monica Trust to support Julian House to provide a project worker for 2 days a week, to help the homeless community.

**b. Homeless Link fund**

This grant is provided by Homeless Link and is restricted to be used to develop an outreach team and provide support to rough sleepers, to enable their use of crisis accommodation, whilst enabling them to make positive lifestyle changes. The not all of the grant was spent during the year, so some has been deferred to be used next year.

Julian House actually received £49,320 in the year ending 31 March 2012 but, based on the terms of the grant, £45,558 has been treated as deferred income in note 11.

**16. Other Unrestricted Reserves : Designated**

	Premises Sinking Fund	Refurbishment fund	New Projects Fund	Total
	£	£	£	£
Transfer to Reserves	26,328	260,000	43,851	<b>330,179</b>
Transfer from Reserves	(98,843)	-	(162,500)	<b>(261,343)</b>
	(72,515)	260,000	(118,649)	<b>68,836</b>
Balances at the beginning of the year	138,996	-	659,549	<b>798,545</b>
Balances at the end of the year	66,481	260,000	540,900	<b>867,381</b>

**a. Premises Sinking Fund**

Each year Julian House provides 1% of the original cost of freehold property at Corn St, and 1% of an estimated value of the Head Office in New King St, as a fund to cover future major building repairs. It also provides £15,000 per year to cover the cyclical repairs to the interior of the Night Shelter. At end March 2012, the value of the reserve for the Night Shelter stood at £97,500. In June 2012 a major refurbishment of the Night Shelter commenced, so the £97,500 has been transferred to the Refurbishment Fund.

**b. Refurbishment Fund**

A major refurbishment of the Night Shelter commenced in June 2012, with completion expected by the end of October 2012. This is expected to cost £435,000. B&NES and other funders have committed to funding £175k, and the shortfall of £162,500 has transferred from the New Projects Fund to the Refurbishment Fund.

**c. New Projects Fund**

The New Projects Fund is being built up to allow Julian House to provide more services to homeless people in B&NES and the surrounding areas.

**17. Capital commitments**

Julian House does not have any capital commitments at 31 March 2012 (none at 31 March 2011).

**18. Contingent liabilities**

Other than the Pension liabilities (described in note 22), there are no contingent liabilities (none at 31 March 2011).

**19. Operating Lease Commitments**

At 31 March 2012 the Group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2012</b>	<b>2011</b>
	£	£
EXPIRY DATE:		
Within 1 year	28,437	29,048
Between 2 and 5 years	55,392	112,000
After more than 5 years	23,250	-

**20. Transactions with directors (non-executive Board members) and other related parties**

A Board member, Annie Paddock, is an employee of an adjoining local authority, but there were no transactions with that authority.

A Board member, Jonathan O'Shea, is Chief Executive of St John's Hospital, which is the owner of one of the properties that Julian House leases.

There were no other transactions with related parties during the year.

**21. Taxation**

The Board do not believe that Julian House's activities in the year gave rise to any taxation liability under section 505 of the Income and Corporation Taxes Act 1988.

**22. Pension obligations**

A full description of Julian House's pension obligations can be found in Note c. Note d details the potential contingent liability in respect of both schemes. Notes a and b provide a summary.

Some employees contribute to other pension funds. In total the pension charge of £22,904 (2011 £29,587) represents contributions payable to the funds; there was £2,665 in contributions outstanding at year end (31 March 2011 £3,883).

**a. Pensions Trust**

Julian House contributes to a multi-employer defined contribution pension scheme, the assets of which are held separately from those of Julian House in the Growth Plan scheme operated by The Pensions Trust.

The liability of the total Growth Plan scheme is reviewed every three years. The 2008 deficit of the plan was £29 million, and the preliminary 2011 liability is £148 million.

The latest information from the pension provider is based on their three year review, as at 30th September 2011, which provides an estimate of the on-withdrawal liability as at 31st March 2012 of £21,520 (at September 2011 £1,094). This amount is not due, it would become due if Julian House were to withdraw from the scheme.

**b. Social Housing Pension Scheme**

Julian House also operates a closed defined benefit pension scheme, the assets of which are held separately from those of Julian House in the Social Housing Pension Scheme operated by The Pensions Trust. The scheme is funded and is contracted-out of the State Pension scheme.

Julian House is unable to identify its share of the underlying assets and liabilities of the fund on a reasonable and consistent basis.

Financial Reporting Standard 17 requires provision for pension scheme deficits to be made in financial statements. For the reason set out above, no such provision has been made in these financial statements.

The liability of the total pension scheme is reviewed every three years. The 2008 deficit of the plan was £663 million, and the preliminary 2011 liability is £497 million.

Julian House was told that if it were to withdraw from the scheme at 30 September 2011, there would have been a 'debt on withdrawal' estimated at £325,611 (30 September 2011 £276,000). Members of staff are contributing to the scheme, and as long as staff are contributing to the scheme the debt will not crystallise.

**c. Full disclosure**

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because they are multi-employer schemes where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the schemes, the accounting charge for the period under FRS 17 represents the employer contribution payable.

**Pensions Trust**

The Trustee commissions an actuarial valuation of the plan every three years. The purpose of the actuarial valuation is to determine the funding position of the plan by comparing assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

Julian House paid contributions at a rate of 6% during the accounting period. Members paid contributions at the rate of 6% during the accounting period.

As at the balance sheet date there was one active member of the plan employed by Julian House. Julian House continues to offer membership of the plan to its employees.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the plan's assets at the valuation date was £742 million and the plans' Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as followed:

Valuation Discount Rates	%pa
- Pre retirement	7.6
- Non Pensioner Post retirement	5.1
- Pensioner Post retirement	5.6
- Price Inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment returns assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Schemes Actuary's preliminary results for 30 September 2011 show that the plan's assets at that date were £780 million and the plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall. A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, as required by legislation.

### **Social Housing Pension Scheme**

The Trustee commissions an actuarial valuation of the scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to address the level of future contributions required so that the scheme can meet its pension obligations as they fall due.

The last formal valuation of the scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to past service funding level of 69.7%.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions.

The scheme Actuary has prepared a Actuarial Report that provides an approximate update on the funding position of the scheme as at 30 September 2010. Such a report is required by legislation for year in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%

The scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. The results of the 2011 valuation will be included in next year's disclosure note.

**d. Contingent liability**

**Pensions Trust**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the plan or the plan winding up.

The debt for the plan as a whole is calculated by comparing the liabilities for the plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the plan's liability attributable to employment with the leaving employer compared to the total amount of the plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total plan liabilities, plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The latest information from the pension provider is based on their three year review, as at 30th September 2011, which provides an estimate of the on-withdrawal liability as at 31st March 2012 of £21,520 (at September 2011 £1,094). This amount is not due, but it would become due if Julian House were to withdraw from the scheme.

**Social Housing Pension Scheme**

The Social Housing Pension Scheme has a volatile contingent liability arising for the same reasons as explained above for the Pension Trust Plan.

Julian House was told that if it were to withdraw from the scheme at 30 September 2011, there would have been a 'debt on withdrawal' estimated at £325,611 (30 September 2011 £276,000). Members of staff are contributing to the scheme, and as long as staff are contributing to the scheme the debt will not crystallise.