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Centrepoint Soho

Financial Statements

for the year ended

31 March 2004



Centrepoint Soho — Report and Accounts 2004

Board, Officers and Advisers

Board

Raymond Plant (Chair)	(resigned March 2004)
Michael O'Higgins (Chair)	(appointed Chair April 2004)
Cecilia Wells (Vice Chair)	
John Rhodes (Treasurer)	
Bernard Donoghue	
Manny Amadi	
Cathy Bereznicki	
Neil Finlayson	
Barry Simons	
Penny Francis	
Douglas Smallwood	

Secretary

Anthony Lawton

Executive Officers

Anthony Lawton, Chief Executive
Rebecca Pritchard, Director of Services
Seyi Obakin, Director of Finance (appointed October 2003)
Balbir Chatrik, Director of Policy & Communications (appointed February 2004)
Tobin Aldrich, Director of Fundraising (appointed March 2004)
Nicola Brennan, Director of Human Resources & Facilities (appointed March 2004)

Registered office

Neil House
7 Whitechapel Road
London E1 1DU

Registration details

Registered Charity No: 292411
Company Registration No: 1929421
Housing Corporation Registration No: H1869

Main Solicitors

Trowers & Hamlin
Glazer Delmar
Bircham Dyson Bell

Property Consultants
Drivers Jonas
6 Grosvenor Street
London
W1K 4DJ

Bankers
The Royal Bank of Scotland Group
9th Floor
280 Bishopsgate
London
EC2M 4RB

Auditors
Deloitte & Touche LLP
Verulam Point
Station Way
St Albans
AL1 5HE

Directors' Statements of responsibilities

Company law requires the directors, who are also the trustees of the charity, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group, and of the surplus or deficit of the Company and the Group for that year. In preparing those financial statements, they are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985, Schedule 1 to the Housing Act 1996, and the Accounting Requirements for Registered Social Landlords General Determination 2000. They are also responsible for instituting adequate systems of internal control and safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Internal controls

In recognition of its responsibilities for the company's system of internal control, the directors have established control systems that aim, in part, to provide reasonable but not absolute assurances against material misstatement or loss.

The controls in place include;

- authorisation controls by responsible personnel to ensure that only transactions which are truly necessary and fall within the scope of the company's operations are undertaken and that alterations or amendments to existing company records are properly authorised.
- recording controls that ensure that all and only authorised transactions are taken into the accounting records. Elements of these controls comprise of segregation of duties among personnel, logging of financial instruments and checking reports against input source documents.
- safe custody of assets including periodic physical verification of their existence at sites where these are located, maintenance and updating of records detailing information about such assets and restricted access to premises and use of the company's assets to authorised personnel.
- employment of suitably qualified and experienced staff to take responsibility for the key areas of the company's business, supported by a formal appraisal system.
- preparation of forecasts and budgets which allow the Board and the executive officers to monitor the key business risks and financial objectives and identify variances arising during the monthly reporting cycles.

In addition to the general controls described above, specific control systems in respect of computer systems are also in place. These include restriction of access to computer equipment, systems and suites of programs including amendment of standing data to designated personnel through approved measures such as compulsory use of passwords and access rights.

The directors have reviewed and continue to review the effectiveness of the system of internal control through delegated authority to appropriate personnel or by engaging outside agencies.

The reviews carried out in the financial year ended 31 March 2004 have not revealed weaknesses in internal control resulting in material losses, contingencies, or uncertainties which the directors regard as material therefore requiring disclosure in the financial statements or the auditors' report on the financial statements.

The directors have introduced a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the organisation faces, prioritising them in terms of potential impact and likelihood of occurrence, and looking at ways of mitigating the risks.

About Centrepoint and its principal activities

Founded in Soho in 1969, Centrepoint is a registered charity legally organised in the form of a company limited by guarantee, with an associated trading company. It is also a registered social landlord.

Today, Centrepoint is the leading national charity working with socially excluded young people. Our purpose is to help a significant number of such young people who are on a downward spiral and at risk of homelessness to build firm foundations, turn things around and build a more fulfilling future. We do this through a unique combination of direct service delivery, policy, research and external influencing work and the facilitation of local partnerships that develop and disseminate best practice.

Our direct service delivery work is focused on 16-25 year olds, mostly in London but also in parts of the Midlands and North East. In 2003-04, we provided some 500 bed-spaces per night and worked directly with over 1,450 young people.

Our policy, research and external influencing work is focussed on action, especially at national level, to seek practical changes to public policies with the aim of reducing homelessness and enhancing the life chances of young people. Our work is rooted in the experiences of the young people who use our services, enabling us to be authoritative about the areas that really matter to them: housing, employment, learning, health and income.

The third strand of our work focuses on facilitating local partnerships of organisations working with and for young people, and developing local provision in various parts of England at any one time.

The three strands of our work described above are underpinned by robust evaluation and research, emphasising what works to improve the lives of young people and their contribution to communities.

Review of the year

Direct provision of services
We began a significant change programme during the year ended 31 March 2004, with the establishment of an augmented senior management team and a new Service Improvement and Development team. The key elements of our work during the year were:

- we introduced our new Support and Development model. The model will enable us to ensure the provision of a holistic service tailored to each young person that focuses on the whole person, concentrating on six key areas:
  - housing and income
  - personal and social development;
  - skills and work;
  - health and well-being;
  - creativity and enterprise; and
  - active participation

  Following a period of development, introduction, and a dedicated training programme for all service delivery staff, the model went live in October 2003.

- we conducted a series of evaluations and service reviews to help us prepare for the realities of the new Supporting People funding regime, culminating in the production of a Supporting People Quality Assurance Toolkit. This has been used both internally and by other organisations through our National Development Team. We have also been working with our partners to review and improve our "Lifeskills and Youthwork" and "Learning and Work" services for young people.

- we established our Multiple Health Needs Team, to work across Centrepoint services, supporting young people with drug, alcohol and mental health needs, and advising generic support and development staff to enable them to provide directly an improved service.

- we held our first Centrepoint wide User Survey and developed new user involvement policies and strategies that will enhance opportunities for the young people with whom we work to influence our services.

- we improved our performance in the management of arrears and voids in order to maximise our income collection and reduce the waste of empty beds.

Policy, research and external influencing work
Our work to shape, influence and advance policy on homelessness, with particular reference to young people, achieved some notable successes during this financial year, amongst which were:

- we submitted evidence to the Low Pay Commission that successfully highlighted the lack of protection for young people as part of our campaign to have 16 and 17 year olds covered by the Minimum Wage legislation.

- our evidence to the Treasury review of financial support for 16-19 year olds called for the introduction of a learning allowance to support young people in education and training and the abolition of the 'rule' which means that young people in education lose entitlement to benefit on their 19th birthday. Our recommendations were adopted by the Treasury and provided in the 2004/05 national budget.

- we published 'Tackling Youth Homelessness in Gateshead' in partnership with Gateshead Action on Youth Homelessness. Our report documented the existing services in Gateshead, identified gaps and the improvements required to tackle youth homelessness. We are currently working with the local authority to tackle the issues raised by this work.

- our research report, 'A Point in Time', conducted with MORI, explored the common pressures faced by homeless young people and their peers. It confirmed that they do not readily respect or identify with glamorous, high maintenance lifestyles. Instead, they value getting a job, a house and a family of their own, and have learned that none of these are a given.

These are just a few, powerful examples of how we listened to vulnerable young people, and then used what they told us to campaign on their behalf.

Fundraising
2003-04 was a difficult year for public fundraising with all major areas of income facing significant pressure. The overall UK fundraising market was very tight and competition was particularly intense. In the circumstances, our fundraising income held up well with the total of £2.5 million raised broadly similar to the previous year.

In particular,
- we received significant new funding from the HBOS Foundation for our pioneering new Rent Deposit Scheme.

- under the Pathway agreement with the Royal Bank of Scotland Group that completed its second year, we received £0.5m to fund the implementation of the new Support and Development model. We also received significant support from the Pears family.

- we set up a new statutory fundraising capacity to maximise income from a variety of new Government funders. So far this unit has secured grants to a value in excess of £305,000 for an outlay of around £35,000.

- we completed a major review of the structure of the fundraising department and of overall fundraising strategy at the end of the year.

With a new Director in place and a new strategy now developed, Centrepoint is looking for a step change in fundraising performance over the next 5 years.

Employee issues
Despite the year being an unsettling period for the Human Resources Department because of changes of leadership, there was increasing momentum and progress throughout this period. The key activities during the year were:

- we remain in compliance with all aspects of employment legislation and continue to seek a workforce that reflects the diversity of the population and young people of the areas in which we work.

- we made thirty-eight new appointments during the year, including successful appointments to the posts of Director of Finance, Director of Policy & Communications, Director of Fundraising and Director of Human Resources & Facilities.

- we introduced an Employee Assistance Programme.
- we introduced a new Performance Management process.
- we reviewed and improved the Centrepoint Reward Policy.
- we retained our Investor in People (IiP) status.

Financial review
The audited consolidated financial statements included in this report comprise the results of Centrepoint and its trading subsidiary, CP Trading Limited.

Total incoming resources for the year ended 31 March 2004 were £12.2m compared with £11.5m in 2003, a rise of over 6%, attributable mostly to increased volume of activity for which grant funding was available. Introduction of the new Supporting People funding framework means that 56% of our incoming resources were from statutory grants, compared with 28% in 2003. However, there is a corresponding reduction in the proportion of our income from rents and service charges.

Total resources expended during the year ended 31 March 2004 increased by around 10% to £11.9m (2003: £10.8m). Most of the increase in expenditure mirrored our income but we also incurred incremental expenditure associated with the introduction of our support and development model. Astute management of business support costs enabled us to reduce management and administration costs from 1.5% to 1.4% of total incoming resources.

The net cash inflow from operating activities for the year ended 31 March 2004 was £1.6m of which nearly £0.2m was invested in fixed assets.

The two key financial objectives set by the Board for the year were to maintain financial viability by meeting budget targets and to achieve a year-end surplus of at least 2% of total incoming resources. Both objectives were achieved and surpassed.

Reserves
Centrepoint needs to hold adequate reserves in order to ensure the uninterrupted provision of services to young people and to keep housing properties owned by Centrepoint and used by young people in a good state of repair.

The Board has reviewed Centrepoint's need to hold reserves and has set a medium term target of achieving free reserves equal to two months operating costs. At the end of 31 March 2004, free reserves (i.e. general reserves and the working capital reserve) stood at £2.6m, equating 2.6 months operating costs. Although reserves are in a satisfactory position, steps are being taken to raise income and further strengthen it.

Future prospects

The year ended 31 March 2004 was the first of the three-year period for which the Board set the following three key objectives:

- To be directly enabling 2000 homeless and socially excluded young people each year to turn their lives around and build a more fulfilling future. Through a

balanced portfolio of direct provision in London, the Midlands and the North East with integrated 'external affairs' and partnership working in place and underpinned by good marketing, innovation, evaluation and learning.

- To have influenced public understanding, policy, provision and practice relevant to the interests of the young people we serve, and be considered an outstanding, nationally recognised point of reference about socially excluded young people.

- To have ensured that Centrepoint is a financially viable, modern and creative organisation which achieves its goals. We will be at the leading edge of the third-sector by having the right people with the right attitudes and skills, and the necessary facilities and resources, to be effective.

Within this framework, the Board sets specific goals for each year that are monitored on a quarterly basis and is satisfied that the goals set for the year just ended were mostly achieved.

In the immediate future, we aim to ensure that our new Support and Development model is fully embedded in all aspects of our direct provision services. Success in this goal depends to some extent on the effective administration of the relatively new Supporting People funding regime. Starting in financial year 2004, administration of the Fund has passed from central government to local authorities, creating a further challenge for us to respond to the varying demands of the administering authorities. We are confident of meeting this challenge successfully.

Our new five-year fundraising strategy takes effect from 2004/5. The strategy will strengthen our financial base and give us room to add more value to the provision of services to young people. It would also enable us invest in our influencing and campaigning work, for the benefit of young people, as well as in our business support functions, especially our ICT infrastructure.

Much of our work in the Midlands and the North East of England confirm our view that we have a bigger role to play in those areas. Centrepoint will continue to seek opportunities to expand its direct and indirect activities outside London.

Governance and directors

Centrepoint is controlled by a Board of Directors as set out on page 1. The Directors are a body of volunteers who have distinguished careers in a wide variety of activities. They do not receive any remuneration for their roles as Directors.

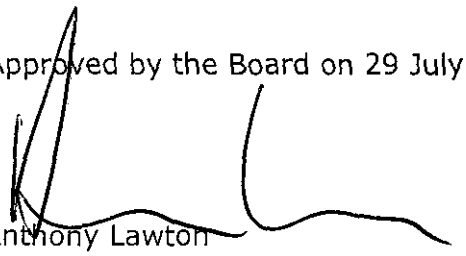
The Chief Executive is responsible to the Board for the day-to-day running of Centrepoint and carrying out the policies decided by the Board.

The directors have implemented the recommendations of the NHF Code of Governance first published in 1995 and last updated in 2000. The NHF launched a new Code - "Competence and Accountability 2004" - on 16 June 2004 and in the light of that, the Board is currently reviewing governance arrangements with a view to assuring full compliance with the new Code amongst other objectives. The Board will continue to consider future improvements with a view to incorporating them in the existing Code.

Auditors

A resolution is to be proposed at the Annual General meeting for the re-appointment of Deloitte & Touche LLP as auditors of Centrepoint Soho and its subsidiary company CP Trading Limited.

Approved by the Board on 29 July 2004 and signed on its behalf by:



Anthony Lawton
Secretary

Independent Auditors' Report to the members of Centrepoint Soho

We have audited the financial statements of Centrepoint Soho for the year ended 31 March 2004 which comprise the Consolidated Statement Of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet and the Consolidated Cash Flow Statement and the related notes numbered 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not 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 directors and auditors
As described in the report of the directors, the directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal, regulatory requirements and 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 Companies Act 1985, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. 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 and other members of the group is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion
We conducted our audit in accordance with United Kingdom 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 circumstances of the company and the group, 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.

Independent Auditors' Report to the members of Centrepoint Soho

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2004 and of the group's income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St Albans

Date: 30 September 2004

Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 March 2004

	Note	Restricted £	Unrestricted £	2004 Total £	2003 Total £
Incoming resources					
Rents and charges		-	2,627,244	2,627,244	5,667,513
Statutory grants	3(a)	6,849,875	-	6,849,875	3,204,333
Charitable donations	3(b)	359,214	2,111,268	2,470,482	2,578,907
Contracts		-	76,905	76,905	118,179
Other income		-	151,811	151,811	36,572
Turnover	2	7,209,089	4,967,228	12,176,317	11,605,504
Deficit on disposal of fixed assets	2	-	-	-	(130,824)
Interest receivable	2	-	130,528	130,528	41,531
Total incoming resources		7,209,089	5,097,756	12,306,845	11,516,211
Resources expended					
Direct charitable costs		7,112,434	3,736,432	10,848,866	9,870,959
Management and administration costs		-	173,712	173,712	176,821
Fundraising and publicity costs		-	887,980	887,980	747,439
Total resources expended	2	7,112,434	4,798,124	11,910,558	10,795,219
Surplus for the year	2	96,655	299,632	396,287	720,992
Reserves brought forward		408,508	2,263,553	2,672,061	1,951,069
Reserves carried forward	11	505,163	2,563,185	3,068,348	2,672,061

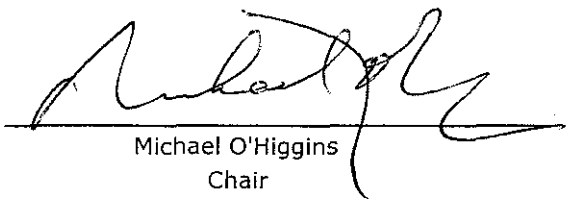
All of the above results relate to continuing activities.

There are no material differences between the surplus for the year as stated above and the reserves carried forward and their historical cost equivalents.

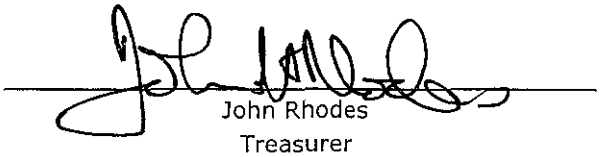
There were no recognised surpluses or deficits other than those included in the statement above and therefore no separate statement of recognised surpluses or deficits has been presented.

There is no material difference between the consolidated statement of financial activities and the company statement of financial activites. Therefore a separate company statement of financial activities is not presented.

These financial statements were approved by the Board of Directors on 29 July 2004 and signed on their behalf by:



Michael O'Higgins
Chair



John Rhodes
Treasurer

The accompanying notes are an integral part of these financial statements

Consolidated Balance Sheet
At 31 March 2004

	Note	2004 £	2004 £	2003 £	2003 £
Tangible fixed assets					
Housing properties	6	5,178,821		5,178,821	
Social housing and other capital grants	6	(4,568,227)		(4,568,227)	
Depreciation	6	(229,500)		(229,500)	
Net housing properties			381,094		381,094
Other tangible fixed assets	6		385,551		296,577
			766,645		677,671
Current assets					
Debtors	8	811,819		875,891	
Current asset investments		4,584,914		2,864,140	
Cash at bank and in hand		520,765		730,802	
		5,917,498		4,470,833	
Creditors: amounts falling due within (	9	(3,595,850)		(2,455,587)	
Net current assets			2,321,648		2,015,246
Total assets less current liabilities			3,088,293		2,692,917
Creditors: amounts falling due after more than one year	10		19,945		20,856
Reserves					
Restricted reserves	11		505,163		408,508
Unrestricted reserves:					
Designated funds	11	2,032,550		814,637	
Other revenue funds	11	530,635		1,448,916	
			2,563,185		2,263,553
			3,088,293		2,692,917

These financial statements were approved by the Board of Directors on 29 July 2004 and signed on their behalf by:

Michael O'Higgins
Chair

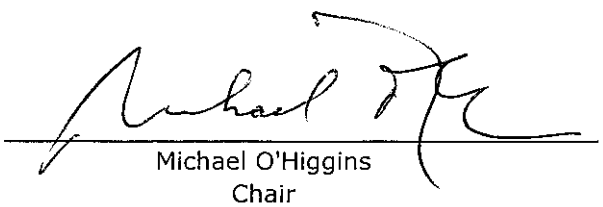
John Rhodes
Treasurer

The accompanying notes are an integral part of these financial statements

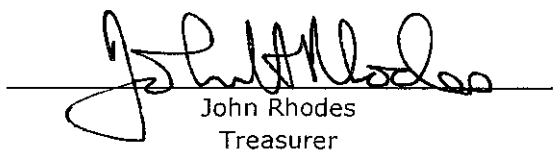
Company Balance Sheet
At 31 March 2004

	Note	2004 £	2004 £	2003 £	2003 £
Tangible fixed assets					
Housing properties	6	5,178,821		5,178,821	
Social housing and other capital grants	6	(4,568,227)		(4,568,227)	
Depreciation	6	(229,500)		(229,500)	
Net housing properties			381,094		381,094
Other tangible fixed assets	6		385,551		296,577
			766,645		677,671
Investments	7		24,000		24,000
			790,645		701,671
Current assets					
Debtors	8	818,451		1,301,712	
Current asset investments		4,584,914		2,864,140	
Cash at bank and in hand		444,981		241,837	
		5,848,346		4,407,689	
Creditors: amounts falling due within on	9	(3,550,698)		(2,416,443)	
Net current assets			2,297,648		1,991,246
Total assets less current liabilities			3,088,293		2,692,917
Creditors: amounts falling due after more than one year	10		19,945		20,856
Reserves					
Restricted reserves	11		505,163		408,508
Unrestricted reserves:					
Designated funds	11	2,032,550		814,637	
Other revenue funds	11	530,635		1,448,916	
			2,563,185		2,263,553
			3,088,293		2,692,917

These financial statements were approved by the Board of Directors on 29 July 2004 and signed on their behalf by



Michael O'Higgins
Chair



John Rhodes
Treasurer

The accompanying notes are an integral part of these financial statements

Consolidated Cash Flow Statement for the year ended 31 March 2004

	Note	2004 £	2003 £
Net cash inflow from operating activities		1,567,494	2,381,831
Returns on investments and servicing of finance	19(i)	130,528	41,531
Capital expenditure	19(ii)	(186,374)	(188,589)
Cash inflow before use of liquid resources and financing		1,511,648	2,234,773
Management of liquid resources		210,037	(314,685)
Financing	19(iii)	(911)	-
Increase in cash	19(iii)	1,720,774	1,920,088
			24,000

Reconciliation of surplus to net cash inflow from operating activities

	2004 £	2003 £
Surplus	396,287	720,992
Financing	911	-
Interest receivable	(130,528)	(41,531)
Depreciation charges	97,400	211,287
Loss on disposal of fixed assets	-	130,824
Decrease in debtors	64,072	441,512
Increase in creditors	1,139,352	918,747
Net cash inflow from operating activities	1,567,494	2,381,831

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the accounts of Centrepoint Soho.

(a) Basis of accounting

The financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards, with special regard to the Statement of Recommended Practice (the SORP) "Accounting by Registered Social Landlords Update 2002" and "Charities (Accounts and Reports) Regulations 2000". Centrepoint is both a registered charity and a registered social landlord, and sees both of these areas represented significantly in its activities. In particular it receives a large amount of charitable income and incurs expenditure to do this. The directors consider that the accounts should be prepared to reflect Centrepoint's aims and to satisfy the different reporting needs of users. Therefore they have produced a Statement of Financial Activities, incorporating an income and expenditure account which satisfies the reporting requirements of the Companies Act 1985, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000.

The financial statements include the results of the group's activities which are described in the Report of the Directors and all of which are continuing.

(b) Basis of consolidation

The group accounts consolidate the accounts of Centrepoint Soho and its subsidiary CP Trading Limited. A summary of the results of CP Trading Limited is presented in Note 7.

(c) Income and expenditure recognition

The financial statements are drawn up on a full accruals basis.

All income received towards Centrepoint Soho's day-to-day activities is recognised in the Statement of Financial Activities (SOFA) at the earlier of when it is received or when the conditions for receipt have been met and there is reasonable assurance of receipt. Charitable income that is provided for a specific purpose and can be utilised in the period is also recognised in the SOFA.

(d) Fund accounting

General reserves are available for use at the discretion of the directors in furtherance of the general objectives of Centrepoint.

Designated reserves comprise the value of charitable and statutory grants received for the purchase of fixed assets and investments and funds that have been set aside at the discretion of the directors for specific purposes. The purpose and use of the designated funds are set out in these notes.

Restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal.

1. Accounting policies (continued)

(e) VAT

All income and expenditure is shown exclusive of VAT. Any irrecoverable VAT is included as part of general expenditure.

(f) Taxation

Centrepoint is a registered charity and is therefore exempt from taxation of its income and gains falling within Section 505 of the Taxes Act 1998 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to their charitable objectives. No tax charge has arisen in the year. No tax arises in CP Trading Limited due to its policy of gifting all taxable profits to Centrepoint Soho each year

(g) Fixed assets

Fixed asset investments are carried at cost less provision for impairment in value.

Hostels and housing properties for lettings are stated at cost less provision for any impairment in value. As a result of the issue in March 1999 of the SORP, the directors reviewed whether it remained appropriate not to charge depreciation on freehold properties. In the opinion of the directors, there is no depreciation required as the carrying values after deduction of Social Housing Grant (SHG) and similar grants are less than the expected residual value of the land element of the property.

Leasehold office properties are stated at cost and depreciated evenly over the length of the lease.

Other fixed assets are stated at cost and depreciated over their estimated useful lives as follows:-

Office computers and equipment	-	$33^1/_3$% on cost
Hostel Furniture and equipment	-	25% on cost

Where hostels and housing properties for lettings have been funded by Social Housing Grant (SHG), the grant is repayable on disposal, unless it is recycled in accordance with applicable Housing Corporation rules.

(h) Apportionment of management expenses

Management costs and specific overheads are attributed directly to the relevant functions wherever possible.

Overheads relating to the management of the groups assets, its organisational administration and compliance with constitutional and statutory requirements are reported as management and administrative costs.

Non-specific overheads are allocated based on time spent on each activity.

(i) Cyclical maintenance

Cyclical maintenance is carried out as required and charged to the income and expenditure account in the year in which it is carried out.

1. Accounting policies (continued)

(j) Managed properties

All income and expenditure incurred by Centrepoint Soho relating to services where the properties are owned by partner associations and managed by Centrepoint Soho have been accounted for in these financial statements.

(k) Pension costs

Centrepoint has a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements for the year ended 31 March 2004

2 Particulars of turnover, operating costs and operating surplus

	2004			2003		
	Turnover	Operating Costs	Surplus/ (Deficit)	Turnover	Operating Costs	Surplus/ (Deficit)
	£	£	£	£	£	£
Social housing lettings	9,073,648	8,966,105	107,543	8,065,290	7,948,698	116,592
Non-social housing activities:						
National Development	371,246	578,397	(207,151)	307,116	543,243	(236,127)
Other projects	534,000	811,019	(277,019)	642,213	854,851	(212,638)
Fundraising	2,105,768	887,980	1,217,788	2,279,138	747,439	1,531,699
Other	91,655	667,057	(575,402)	311,747	700,988	(389,241)
	12,176,317	11,910,558	265,759	11,605,504	10,795,219	810,285
Deficit on disposal of fixed assets			-			(130,824)
Interest receivable			130,528			41,531
Surplus for the year			396,287			720,992

Social housing income	**2004**	**2003**
	£	£
Rental income net of identifiable service charges	1,860,536	5,309,571
Service charges	923,809	746,446
Gross rental income	2,784,345	6,056,017
Rent losses from voids	(157,101)	(388,504)
	2,627,244	5,667,513
Statutory grants	6,314,605	1,012,685
Charitable donations	163,500	152,110
Housing Corporation - SHMG	(60,581)	1,229,535
Other	28,880	3,447
Turnover from social housing lettings	9,073,648	8,065,290

Social housing expenditure	**2004**	**2003**
	£	£
Services	7,295,153	5,978,062
Management	639,597	500,065
Routine maintenance	531,886	655,491
Planned maintenance	294,853	197,634
Bad debts	204,616	571,546
Depreciation of housing properties	-	45,900
Operating costs on social housing lettings	8,966,105	7,948,698
Operating surplus on social housing lettings	107,543	116,592

Notes to the financial statements for the year ended 31 March 2004

3 Grants (including capital grants)

		2004 £	2003 £
(a)	**Statutory authorities**		
	Countryside Agency	(9,357)	47,056
	Homelessness and Housing Support Directorate	1,249,793	1,036,436
	Department of Health	-	15,550
	Department for Education and Employment	49,943	39,691
	Employment Service	356	16,714
	European Social Fund (Off the Streets)	-	173,636
	Housing Corporation: SHMG	(60,581)	1,213,985
	Other	(2,828)	20,000
	Inner London Probation Service	-	28,000
	London Boroughs Grants (LBG)	-	67,332
	Regional Development Agencies	-	-
	Single Regeneration Budget: Employment and Training	110,272	52,196
	Off the Streets	133,903	99,524
	Safe In the City	81,585	147,534
	Supporting People Grant	5,175,802	-
	Westminster City Council	-	49,872
	Others	120,987	196,807
		6,849,875	3,204,333

Negative balances shown in the above note represent grant income repaid in year as a result of overpayments from previous yea

(b) Restricted charitable donations

Certain funds were donated for specific purposes and are dealt with in note 11 of the financial statements.
Such donations received in the year were:

	2004 £	2003 £
Donor		
Anonymous donor	-	250,000
Bridge House Estates Trust	30,000	40,000
City Parochial	15,000	7,500
Clothworkers	-	50,000
Comic Relief	15,000	30,000
Drapers	10,000	10,000
Dulverton Trust	21,500	-
Fishmongers	5,000	-
Goldsmith	5,000	5,000
Hamilton	1,000	-
HBOS	57,000	-
Henry Smith's Charity	23,000	23,000
Hospital of God at Greatham	1,500	-
Inner London Magistrates Court	-	5,000
Kreitman Foundations	15,211	22,114
Lambeth Endowed (Walcott Education)	-	6,110
The Monument Trust	-	40,194
Morgan Stanley Foundation	-	8,000
Mrs Smith and Mount Trust	5,000	-
Newby Trust	4,000	-
Normaby Charitable Trust	3,000	-
Northern Rock	31,403	
PP Norman Charitable Trust	-	1,500
Percy Bilton	4,000	-
Sainsbury Trust	3,000	-
Skinners Company	15,000	10,000
Social Education Trust	5,000	-
Tudor Trust	40,000	-
The Underwood Trust	25,000	25,000
Vintners	2,000	-
Westminster Foundation	20,000	-
William Kendall Charity	-	10,000
Others	2,600	3,000
	359,214	546,418

4 Employee information

	2004 Number	2003 Number
Staff numbers		
The average full-time equivalent number of persons (including executives) employed during the year was:		
Central office staff (includes Managers and Executives - 21 (2003:19))	69	65
Non-head office based staff	129	154
	198	219

The average number of persons (including executives) employed during the year was:

Central office staff (includes Managers and Executives - 22 (2003:20))	71	67
Non-head office based staff	143	158
	214	225

Staff costs (for the above persons)		
Wages and salaries	5,947,398	5,416,712
Social security costs	548,277	477,807
Other pension costs (see note 13)	164,993	119,171
Redundancy costs	3,401	41,925
	6,664,069	6,055,615

Emoluments of Directors and employees
The number of employees including the Chief Executive whose emoluments as defined for taxation purposes exceeded £50,000 was as follows:

	2004 Number	2003 Number
£50,000 - £60,000	3	2
£60,001 - £70,000	2	-
£70,001 - £80,000	1	1

During the year, pension contributions on behalf of these staff amounted to approximately £22,810 (2003: £18,962)

No member of the Board received any emolument during the current or prior year.

5 Auditors' remuneration

	2004 £	2003 £
Group		
Audit fees	25,852	23,500
Other services	6,000	7,050
Company		
Audit fees	23,267	21,150
Other services	6,000	7,050

6 Tangible fixed assets

Group and Company	Hostels and housing properties for letting £	Other tangible fixed assets: Leasehold office properties £	Other tangible fixed assets: Hostel furniture and equipment £	Other tangible fixed assets: Office computers and equipment £	Total other tangible fixed assets £	Total £
Cost						
At 1 April 2003	5,178,821	274,251	129,576	622,162	1,025,989	6,204,810
Additions	-	-	37,585	148,789	186,374	186,374
At 31 March 2004	5,178,821	274,251	167,161	770,951	1,212,363	6,391,184
Social housing and other capital grants at 1 April 2003 and 31 March 2004	4,568,227	-	-	-	-	4,568,227
Depreciation						
At 1 April 2003	229,500	188,827	128,242	412,343	729,412	958,912
Charge for the year	-	54,000	400	43,000	97,400	97,400
At 31 March 2004	229,500	242,827	128,642	455,343	826,812	1,056,312
Net book value						
At 31 March 2004	381,094	31,424	38,519	315,608	385,551	766,645
At 31 March 2003	381,094	85,424	1,334	209,819	296,577	677,671

7 Investments

The accounts of CP Trading Limited, a fully owned subsidiary of Centrepoint have been consolidated. The principal activity of the subsidiary is organising events. A summary of the results of the subsidiary is shown below:

	2004 £	2003 £
Turnover	60,870	86,700
Cost of sales (included in expenditure)	(8,361)	(8,610)
Gross profit	52,509	78,090
Other expenses (included in fundraising and publicity expenditure)	-	(3,250)
Net profit	52,509	74,840
Interest receivable	2,962	3,390
Gift aided to Centrepoint	(55,471)	(78,230)
Retained in CP Trading	-	-
Balance Sheet		
Current assets	126,377	490,718
Current liabilities	(102,377)	(466,718)
Net assets	24,000	24,000
Share capital and reserves	24,000	24,000

One share of the 24,000 shares in issue is held by an individual member

8 Debtors

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Residents occupancy	1,040,725	914,417	1,040,725	914,417
Less: provision for bad debts	(949,185)	(744,305)	(949,185)	(744,305)
	91,540	170,112	91,540	170,112
Grants receivable from statutory authorities	193,517	186,181	193,517	186,181
Trade debtors	390,279	388,074	339,687	386,320
Amount due from subsidiary company	-	-	57,224	427,575
Other debtors	35,640	37,457	35,640	37,457
Prepayments	100,843	94,067	100,843	94,067
	811,819	875,891	818,451	1,301,712

9 Creditors: amounts falling due within one year

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Trade creditors	733,966	270,981	688,814	231,837
PAYE and social security costs	165,471	178,485	165,471	178,485
Accruals and deferred income	2,696,413	2,006,121	2,696,413	2,006,121
	3,595,850	2,455,587	3,550,698	2,416,443

10 Creditors : amounts falling due after more than one year

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Housing property finance loan	19,945	20,856	19,945	20,856

The loan is repayable in more than 5 years by instalments at an interest rate of 9% per annum. The loan is secured on a property in Ainger Road, North West London.

11 Statement of funds

	1 April 2003 £	Income £	Expense £	Transfers £	31 March 2004 £
Unrestricted reserves					
Designated funds:					
Statutory grants towards fixed assets	107,057	-	-	(107,057)	-
Strategic/corporate development	-	-	-	960,000	960,000
Major repairs sinking fund	80,000	-	-	-	80,000
Working capital	627,580	-	-	364,970	992,550
	814,637	-	-	1,217,913	2,032,550
Other revenue funds	1,448,916	299,632	-	(1,217,913)	530,635
Total unrestricted reserves	2,263,553	299,632	-	-	2,563,185
Restricted reserves					
Project grants	20,555	248,500	(222,960)	-	46,095
National Development	10,001	67,903	(13,350)	-	64,554
Employment and Training	2,588	42,811	(26,249)	-	19,150
Property grant	21,310	-	-	-	21,310
Capital projects	354,054	-	-	-	354,054
Restricted charitable donations	408,508	359,214	(262,559)	-	505,163
Restricted grants (see note 3)	-	6,849,875	(6,849,875)	-	-
Total restricted reserves	408,508	7,209,089	(7,112,434)	-	505,163
Total funds	2,672,061	7,508,721	(7,112,434)	-	3,068,348

12 Analysis of net assets between funds

	Restricted £	Designated £	Other revenue £	Total £
Fixed assets	354,054	-	412,591	766,645
Debtors	-	-	811,819	811,819
Cash at bank	151,109	2,032,550	2,922,020	5,105,679
Current liabilities	-	-	(3,595,850)	(3,595,850)
Long term liabilities	-	-	(19,945)	(19,945)
Total	505,163	2,032,550	530,635	3,068,348

13 Pension costs

The company operates a defined contribution scheme for which the pension cost charge for the year amounted to £164,993 (2003 - £119,171).

Notes to the financial statements for the year ended 31 March 2004

14 Contingent liabilities

There were no known contingent liabilities at 31 March 2004 (2003: None).

15 Capital commitments

There were no material capital commitments at 31 March 2004 (2003: None).

16 Accomodation in management

	At 31 March 2004 No	At 1 April 2003 No
Owned or lease held by Centrepoint Soho:		
Hostel bedspaces	36	36
Other bedspaces	89	89
	125	125
Owned by partner housing associations:		
Hostel bedspaces	287	287
Other bedspaces	73	82
	360	369

All Centrepoint's bed spaces are Supported Housing accommodation.

Centrepoint Soho has developed schemes, in conjunction with partner housing associations, into which Centrepoint Soho has full nomination rights.

17 Related party transactions

Centrepoint's Chief Executive, Director of Services, and Director of Finance are Directors of Safe in the City (SiTC). The Director of Services and Director of Finance were appointed to the SiTC Board in June and November 2003 respectively. During the year, Centrepoint received £41,372 (2003: £147,534) in grants from Safe in the City. At 31 March 2004 Safe in the City owed Centrepoint a further amount of £15,714 in grants (2003: £24,913).

18 Payment of creditors

The average number of days between receipt and payment of purchase invoices during the year was 28 days.

Notes to the financial statements for the year ended 31 March 2004

19 Notes to the consolidated cash flow statement

	2004 £	2003 £
(i) Returns on investment and servicing of finance		
Interest received	130,528	41,531
(ii) Capital expenditure		
Payments to acquire tangible fixed assets	(186,374)	(188,589)

(iii) Analysis of net funds	1 April 2003 £	Cash flow £	31 March 2004 £
Current asset investment	2,864,140	1,720,774	4,584,914
Cash at bank and in hand	730,802	(210,037)	520,765
	3,594,942	1,510,737	5,105,679
Debt due in more than one year	(20,856)	911	(19,945)
	3,574,086	1,511,648	5,085,734

(iv) Reconciliation of net cash flow movement in net funds

	2004 £	2003 £
Increase in cash in the period	1,720,774	1,920,088
Cash inflow from increase in liquid resources	(210,037)	314,685
Cash outflow from decrease in debt	911	-
Change in net funds resulting from cash flows	1,511,648	2,234,773
Net funds at 1 April	3,574,086	1,339,313
Net funds at 31 March	5,085,734	3,574,086

20 Company limited by guarantee

Centrepoint Soho is a company limited by guarantee. If upon the winding up or dissolution of the company there remains, after the satisfaction of all its debts and liabilities any property whatsoever the same shall not be paid to or distributed among the members of the company but shall be given or transferred to some other charitable institution or institutions having objects similar to the objects of the company. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up, such amount as may be required not exceeding the sum of £1.