

Transform Community Development

Company Limited by Guarantee

**Directors' report and consolidated accounts
for the year ended 31 March 2011**

Charity number SC014961

Company number SC097367

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**Transform Community Development
Company Limited by Guarantee**

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**Transform Community Development
Company Limited by Guarantee**

Company information

Directors	Stewart Ball Lindsay Dingwall Nick Lyth John McAllion Alasdair Macqueen Ian MacRae Tom Smith
Secretary	Patricia Johnstone
Registered office	10 Brewery Lane Dundee DD1 5QW
Principal address	Unit 1, Block 22 Kilspindie Road Dunsinane Industrial Estate Dundee DD2 3JP
Auditors	Henderson Loggie Chartered Accountants Royal Exchange Panmure Street Dundee DD1 1DZ
Solicitors	Thorntons Law LLP Whitehall House 33 Yeaman Shore Dundee DD1 4BJ
Bankers	Royal Bank of Scotland plc 3 High Street Dundee DD1 9LY
Company number	SC097367
Charity number	SC014961

Transform Community Development Company Limited by Guarantee

Report of the directors

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

The company is a charitable company limited by guarantee. Permission has been granted by the Secretary of State for Trade and Industry for the word "limited" to be omitted.

The directors have pleasure in presenting their report and annual consolidated accounts for the year ended 31 March 2011.

The company information set out on page 1 forms part of this report. The accounts comply with current statutory requirements, the Memorandum and Articles of Association of the company and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005).

Structure, governance and management

Constitution

Transform Community Development is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association. Company No SC097367, Charity No SC014961.

Organisation

Transform Community Development has a board of 7 directors who meet 6 times a year and are responsible for the strategic direction and policy of the charity. At present there are a variety of professional backgrounds representing areas relevant to the work of the charity.

The day-to-day management and operation of the company and group is a delegated responsibility to the Chief Executive Officer, Simon Laidlaw who is assisted in this task by the Head of Support Services and 2 Operational Heads of Service. The CEO is responsible for ensuring that the charity delivers its specified services and that the key performance indicators are met. The Heads of Service have day-to-day responsibilities for the management of the projects, individual supervision of staff and development of working practices in line with good practice recommendations and company and group policy.

Decision making process

All decisions not delegated to the Chief Executive Officer and his team are taken by the Board of Directors on a basis of one vote per director, with the Chairperson, Alasdair Macqueen having a casting vote. The ultimate decision making body is the Board of Directors.

Recruitment, induction and training of directors

Recruitment

The directors of Transform Community Development are elected at the Annual General Meeting. The process is open to any member to propose themselves or be proposed. There are a total of 10 places on the Board with an additional 2 places available for co-opted directors. Co-options can be agreed at any meeting of the Board of Directors and are used to address any skills or knowledge gaps identified by the Board of Directors.

Transform Community Development Company Limited by Guarantee

Report of the directors (continued)

Recruitment, induction and training of directors (continued)

Induction and training of directors

All directors receive an induction pack. This contains previous minutes of meetings, the Memorandum and Articles of Association of the company, the annual report, the strategic plan, the directors code of conduct, job description, and a list of contact details for all other directors. Any request for training relevant to the duties of a director is considered according to priority within the organisations training plan and the resources available.

Ongoing training is offered to directors as necessary.

Directors

The directors of the company who served during the year and up to the date of this report are as follows:

Stewart Ball	
Alasdair Macqueen	
Ian MacRae	
Nick Lyth	
Tom Smith	
Alison Morley	(resigned 23 March 2011)
Lindsay Dingwall	(appointed 4 June 2010)
John McAllion	(appointed 25 August 2010)
Angie Gordon	(resigned 26 January 2011)

In accordance with the company's Articles of Association, Stewart Ball, Lindsay Dingwall and Alasdair Macqueen retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Objectives, achievements and performance

The main areas of charitable activity are the provision of accommodation and support services, outreach work, resettlement work and the operation of food redistribution as a volunteering opportunity for clients and the wider community.

The organisation has four main objectives:

- to promote the health and welfare and to advance the education and skills of the inhabitants of Dundee and surrounding areas by whatever means may be deemed appropriate.
- to promote the relief of hardship and distress, without distinction as to race, age, sex or political or religious beliefs.
- to take over, promote, provide for and operate such accommodation and other facilities as may be deemed necessary or appropriate for the relief or assistance of the single homeless in Dundee and the surrounding areas.

Transform Community Development Company Limited by Guarantee

Report of the directors (continued)

Objectives, achievements and performance (continued)

- to advise on, promote, encourage or assist in the provision of or research into the health, welfare, social and charitable needs of the inhabitants of Dundee and the surrounding areas and to increase the awareness of the public in respect of all such matters.

In order to meet these objectives the organisation carries out charitable activities through the provision of accommodation and support services, outreach work, resettlement work, and the operation of food redistribution as a volunteering opportunity for clients and the wider community.

Review of business

We continue to offer support to more than 67 individuals at any one time in our residential services. During the course of the year over 1000 vulnerable individuals have been assisted in moving on in their lives addressing many of the complex issues they present with. We also continue to support in excess of 500 individuals within the private rented sector through our Homefinder service. Our Fareshare project has continued throughout the year in spite of the increased difficulty in raising the funds required to operate. This year the project continued to divert more than 160 tonnes of food from landfill and again contributed to nearly 400,000 meals for vulnerable adults across Tayside. The project also offers valuable training and volunteering opportunities to more than 24 individuals at any one time.

Through our commercial trading company we were also able to help as many as 1500 individuals in need of furniture for their new homes. The trading company also assisted us in meeting our environmental objective by diverting more than 300 tonnes of furniture and white goods away from landfill.

Development and future activities

Due to the current financial climate, our Park Mill development may need to be scaled down. We hope to achieve the potential of the full project but in phased development over the next five years. The first phase will be warehousing and office accommodation which will house all our administration and social enterprise activity. It is hoped this will still bring a lot of the organisation together helping us to achieve more in the longer term.

Financial review

Sadly it must be noted that the charity again made a loss this year. This is entirely due to the loss of Health Board funding which was expected and as such was planned for by the Board of Directors. It is unlikely to be regained in the near future and the organisation has taken measures to minimise the impact of this and ensure that further losses do not occur as a result.

**Transform Community Development
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Report of the directors (continued)

Subsidiary

Transform Community Development is the parent company of a small group.

Transform Commercial Limited, a company which sells and supplies reusable furniture to those in need, is a wholly owned subsidiary of Transform Community Developments.

Joint venture

The group holds a long term interest in Cairn Centre (Scotland) Limited under a contractual arrangement. The principal activity of Cairn Centre (Scotland) Limited is the letting of the Cairn Centre for the use of organisations sharing the group's objectives.

Risk management

A risk assessment has been carried out in relation to the strategic, operational and financial risks which the group faces and systems have been established to enable regular reports to be produced so that any necessary steps can be taken to lessen these risks.

Reserves policy

The directors have established a policy whereby the unrestricted funds not committed or invested in fixed assets ('the free reserves') held by the charity should be 3 months of the resources expended. At this level, the directors feel that they would be able to continue the current activities of the charity in the event of a significant drop in funding. It would obviously be necessary to consider how the funding would be replaced or activities changed. The free reserves held by the charity at 31 March 2011 were £693,685 (2010 - £502,150).

Auditors

So far as each director is aware, there is no relevant audit information of which the auditors are unaware. Each director has taken all the necessary steps as a director to make themselves aware of all relevant audit information and to establish that the auditors are aware of it.

This report, which has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime was approved by the board on 14 December 2011 and signed on its behalf by:

Alasdair Macqueen
Director

Transform Community Development Company Limited by Guarantee

Statement of directors' responsibilities

The trustees (who are also the directors of Transform Community Development for the purposes of company law) are responsible for preparing the annual report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the incoming resources and application of resources, including the income and expenditure of the company and group for that period. In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the accounts comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Transform Community Development Company Limited by Guarantee

Independent auditor's report to the Directors and Members of Transform Community Development

We have audited the accounts of Transform Community Development for the year ended 31 March 2011 which comprise the company and group income and expenditure accounts, company and group balance sheets, consolidated statement of financial activities and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

We have been appointed auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you under those Acts. Those standards require us to comply with the Auditing Practices Board's (APBs) Ethical Standard for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)" in the circumstances set out in note 2 to the accounts.

Our responsibility is to audit the accounts 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 accounts give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if the charity's statement of account is not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

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

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

**Transform Community Development
Company Limited by Guarantee**

Independent auditor's report to the Directors and Members of Transform Community Development (continued)

Opinion

In our opinion:

- the accounts give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the accounts have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Directors' Report is consistent with the accounts.



Ian J Cameron (Senior Statutory Auditor)

For and on behalf of Henderson Loggie, Statutory Auditor

(Henderson Loggie is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006)
Dundee

14 December 2011

**Transform Community Development
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Company income and expenditure account for the year ended 31 March 2011

	Note	£	2011 £	£	2010 £
Operating income	6		1,682,156		1,648,788
Operating costs					
Staff costs	4	1,234,272		1,186,779	
Other operating charges		485,738		741,720	
			1,720,010		1,928,499
Operating deficit	3		(37,854)		(279,711)
Interest received	16		3,935		8,199
Other income			30,000		35,000
Deficit on ordinary activities			(3,919)		(236,512)

The accounts have been prepared on the basis that all operations are continuing.

There were no recognised gains or losses other than those shown in the income and expenditure account.

The notes on pages 15 to 30 form part of these accounts.

**Transform Community Development
Company Limited by Guarantee**

Consolidated income and expenditure account for the year ended 31 March 2011

	Note	2011 Total £	2010 Total £
Operating income	6	1,948,389	1,847,577
Operating costs			
Cost of sales		25,369	6,560
Staff costs	4	1,402,984	1,370,862
Other operating charges		604,397	854,144
		<u>2,032,750</u>	<u>2,231,566</u>
Operating deficit	3	(84,361)	(383,989)
Share of operating (deficit)/surplus in joint venture included in total		-	(8,958)
Total operating deficit:			
Group and share of joint venture		<u>(84,361)</u>	<u>(383,989)</u>
Net interest received			
- group	16	3,852	5,126
- joint venture		-	-
		<u>3,852</u>	<u>5,126</u>
Other income			
- group		96,205	24,430
Surplus/(deficit) on ordinary activities		<u>15,696</u>	<u>(354,433)</u>

The accounts have been prepared on the basis that all operations are continuing.

There were no recognised gains or losses other than those shown in the income and expenditure account.

The notes on pages 15 to 30 form part of these accounts.

**Transform Community Development
Company Limited by Guarantee**

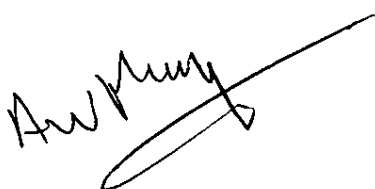
Company balance sheet as at 31 March 2011

	Note	£	2011 £	2010 £
Fixed assets				
Tangible assets	9		717,613	913,377
Investments	11		1	1
			<u>717,614</u>	<u>913,378</u>
Current assets				
Debtors	12	340,135		362,366
Cash at bank and in hand		442,293		235,226
		<u>782,428</u>		<u>597,592</u>
Creditors				
Amounts falling due within one year	13	(84,838)		(91,847)
			<u>697,590</u>	<u>505,745</u>
Net current assets				
			<u>1,415,204</u>	<u>1,419,123</u>
Net assets				
			<u>1,415,204</u>	<u>1,419,123</u>
Funds				
<i>Unrestricted</i>	14		1,311,298	1,325,528
<i>Unrestricted designated</i>	14		100,000	90,000
			<u>1,411,298</u>	<u>1,415,528</u>
<i>Restricted</i>	14		3,906	3,595
			<u>1,415,204</u>	<u>1,419,123</u>

The directors have taken advantage, in the preparation of the accounts, of the provisions applicable to companies under the small companies' regime.

Approved by the directors on 14 December 2011 and signed on their behalf by

A Macqueen
Director



The notes on pages 15 to 30 form part of these accounts.

**Transform Community Development
Company Limited by Guarantee**

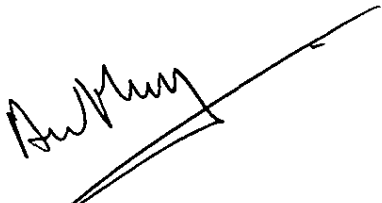
Consolidated balance sheet as at 31 March 2011

	Note	2011 Total £	2010 Total £
Fixed assets			
Tangible assets	9	739,870	1,397,699
Intangible assets	10	11,250	-
		<u>751,120</u>	<u>1,397,699</u>
Current assets			
Debtors	12	86,887	108,335
Cash at bank and in hand		481,714	333,560
		<u>568,601</u>	<u>441,895</u>
Creditors			
Amounts falling due within one year	13	(101,485)	(141,786)
Net current assets		<u>467,116</u>	<u>300,109</u>
Total assets less current liabilities		<u>1,218,236</u>	<u>1,697,808</u>
Net assets		<u>1,218,236</u>	<u>1,697,808</u>
Funds			
<i>Unrestricted</i>	14	1,092,610	1,108,826
<i>Unrestricted designated</i>	14	100,000	90,000
		<u>1,192,610</u>	<u>1,198,826</u>
<i>Restricted</i>	14	25,626	498,982
		<u>1,218,236</u>	<u>1,697,808</u>

The directors have taken advantage, in the preparation of the accounts, of the provisions applicable to companies under the small companies' regime.

Approved by the directors on 14 December 2011 and signed on their behalf by

A Macqueen
Director



The notes on pages 15 to 30 form part of these accounts.

**Transform Community Development
Company Limited by Guarantee**

Consolidated statement of financial activities for the year ended 31 March 2011

	Notes	Restricted funds £	Unrestricted funds £	Total funds 2011 £	Total funds 2010 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income:					
Grants, donations and legacies		79,328	28,991	108,319	131,503
		<u>79,328</u>	<u>28,991</u>	<u>108,319</u>	<u>131,503</u>
Activities for generating funds:					
Fundraising		-	88,166	88,166	48,486
Investment income - group		-	11,052	11,052	12,326
- share of joint venture		-	-	-	36,832
Student placements / training		88,985	-	88,985	40,106
Commercial trading operations		-	240,819	240,819	167,624
		<u>88,985</u>	<u>340,037</u>	<u>429,022</u>	<u>305,374</u>
Incoming resources from charitable activities:					
Council Funding for homefinder, day service and rent deposit services		215,160	-	215,160	213,030
Health Board grants for accommodation services		-	106,735	106,735	44,100
Support services - housing benefit		-	377,343	377,343	355,946
Supporting People		-	827,180	827,180	827,180
		<u>215,160</u>	<u>1,311,258</u>	<u>1,526,418</u>	<u>1,440,256</u>
Total incoming resources		383,473	1,680,286	2,063,759	1,877,133
Less share of incoming resources from joint venture		-	-	-	(36,832)
Group incoming resources		383,473	1,680,286	2,063,759	1,840,301
Resources expended					
Costs of generating funds	8	12,339	13,030	25,369	37,623
Commercial trading operations	8	91,588	238,448	330,036	261,874
Charitable activities:					
Accommodation services	8	-	1,259,659	1,259,659	1,160,687
Rent deposit services	8	-	-	-	-
Fareshare	8	34,923	81,651	116,574	111,637
Homefinder	8	180,485	-	180,485	172,231
Day service	8	-	9,121	9,121	319,722
Governance costs	8	500	125,373	125,873	122,002
		<u>319,835</u>	<u>1,727,282</u>	<u>2,047,117</u>	<u>2,185,776</u>
Other outgoing resources					
Loss on disposal of fixed asset		-	946	946	-
Total resources expended		319,835	1,728,228	2,048,063	2,185,776

**Transform Community Development
Company Limited by Guarantee**

Consolidated statement of financial activities for the year ended 31 March 2011 (continued)

	Note	Restricted funds £	Unrestricted funds £	Total funds 2011 £	Total funds 2010 £
Group net incoming/(outgoing) resources before transfers		63,638	(47,942)	15,696	(345,475)
Share of joint venture's net outgoing resources		-	-	-	(8,958)
Gross transfers between funds	14	(41,607)	41,607	-	-
Net movement of funds in year		22,031	(6,335)	15,696	(354,433)
Total funds brought forward		3,595	1,198,945	1,202,540	2,052,241
Total funds carried forward	14	25,626	1,192,610	1,218,236	1,697,808

All of the above activities relate to continuing operations.

The group's investment income comprises the interest received from an interest bearing deposit account of £3,852 (2010 - £4,572), rental income of £7,200 (2010 - £7,200) and interest received on a director's loan account of £Nil (2010 - £554).

Transform Community Development Company Limited by Guarantee

Notes to the consolidated accounts

1 Status of company and liability of members

On the winding up of the company every member has undertaken to contribute to the assets of the company for the payment of the debts and liabilities and of the cost of winding up of the company, such amount as may be required not exceeding one pound. If the winding up occurs within one year of a member ceasing to be a member then the above applies for debts and liabilities of the company contracted for before he ceased to be a member.

2 Accounting policies

Basis of accounting

The accounts are prepared under the historical cost convention and include the results of the company's and group's operations as indicated in the report of the directors all of which are continuing. The accounts incorporate the requirements of the Statement of Recommended Practice – "Accounting and Reporting by Charities" (SORP 2005), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The following is a summary of the significant accounting policies adopted by the company in the preparation of the accounts.

In common with many other companies of our size and nature, we use our auditors to assist with the preparation of the accounts.

Group accounts

These accounts consolidate the results of the Charity and its wholly owned subsidiary, Transform Commercial Limited, on a line by line basis. The results of the joint venture, Cairn Centre (Scotland) Limited, were accounted for on a gross equity method in prior years. Due to changing circumstances, the directors have reassessed the situation and consider that Cairn Centre (Scotland) Limited is no longer in joint control and accordingly have not incorporated the results in the accounts of Transform Community Development.

Cash flow statement

The accounts do not include a cashflow statement because the company and group, as a small reporting entity, are exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

Funds

With the adoption of the SORP all income and expenditure is dealt with through the Statement of Financial Activities. Funds are classified as either restricted funds or unrestricted funds, defined as follows:

Restricted funds are funds subject to specific purposes, which may be declared by the donor or with their authority (eg. by the restrictive wording of an appeal).

**Transform Community Development
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Notes to the consolidated accounts (continued)

2 Accounting policies (continued)

Funds (continued)

Unrestricted funds are expendable at the discretion of the Board in furtherance of the objects of Transform Community Development and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Board for specific purposes.

Incoming resources

Interest receivable

Interest is included when receivable by the charity.

Rental income

Rental income received is included in the period in which the charity is entitled to receipt.

Legacies

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Grants

Government and other grants towards revenue expenditure are credited to revenue in the year to which they relate.

Grants received in respect of capital expenditure are credited to the income and expenditure account over the expected useful lives of the fixed assets to which they relate. The balance of such grants is included in restricted funds.

All other income has been recognised on the basis of entitlement, certainty and measurement.

Donated goods and services

Where goods and services are provided to the charity as a donation that would normally be purchased from our suppliers, this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity.

Resources expended and irrecoverable VAT

Resources expended are included in the accounts on an accruals basis. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

- Costs of generating funds are those incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the provision of accommodation, rent deposit schemes, Fareshare, Homefinder, Day service and furnished tenancies and include both the direct costs and support costs relating to these activities.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

2 Accounting policies (continued)

Resources expended and irrecoverable VAT (continued)

- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on an appropriate basis.

Stock

Stock is valued at the lower of cost and net realisable value. Since all stock consists entirely of donated goods, the cost to the charity is nil.

Pension contributions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £68,561 (2010 - £64,454). At 31 March 2011 there was an outstanding amount of £5,219 (2010 - £5,011).

Taxation

The company has been recognised by the HM Revenue & Customs as a charity and therefore no taxation charge has been applied.

Franchise fees

Franchise fees are written off over the life of the agreement.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Land and buildings	-	2% straight line
Vehicles	-	25% straight line
Plant and machinery	-	25% straight line

Minor individual items costing less than £2,500 are not capitalised.

Operating leases

Rentals are charged to income and expenditure account on a straight line basis over the period of the lease.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

3 Operating deficit

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
The operating deficit is stated after charging:				
Depreciation	28,334	27,451	19,535	20,960
Amortisation	1,250	-	-	-
Impairment	-	209,969	-	209,969
Operating lease charges	140,140	127,512	92,140	96,262
Auditors' remuneration - audit	17,075	14,075	15,075	12,075
Auditors' remuneration - taxation	200	180	-	-
Loss on disposal of fixed assets	946	-	946	-
	<u>28,334</u>	<u>27,451</u>	<u>19,535</u>	<u>20,960</u>

4 Staff costs

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Wages and salaries	1,229,847	1,183,290	1,082,532	1,038,616
Social security costs	104,576	103,269	90,671	91,328
Other pension costs	68,561	64,454	61,069	56,835
	<u>1,402,984</u>	<u>1,351,013</u>	<u>1,234,272</u>	<u>1,186,779</u>

	No.	No.	No.	No.
The average monthly number of employees, excluding directors, was	<u>79</u>	<u>72</u>	<u>64</u>	<u>63</u>

One employee received remuneration in excess of £60,000 (2010 – one) in the range £60,000 - £70,000, both years.

Directors' emoluments	2011	2010
	£	£
Remuneration for management services for one director	-	31,804
Pension contributions for one director	-	1,342
	<u>-</u>	<u>33,146</u>

Expenses reimbursed to no (2010 - one) directors during (2010 - £806) for travel expenses and subsistence.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

5 Financial activities of the charity

The financial activities shown in the consolidated statement includes those of the charity's wholly owned subsidiary, Transform Commercial Limited.

The summary of the financial activities undertaken by the charity is set out below:

	2011 £	2010 £
Gross incoming resources	1,716,091	1,691,987
Total expenditure on costs of generating funds	(25,369)	(37,623)
Total expenditure on charitable activities	(1,571,718)	(1,770,874)
Governance costs	(122,923)	(120,002)
Net outgoing resources	(3,919)	(236,512)
Total funds brought forward	1,419,123	1,655,635
Total funds carried forward	1,415,204	1,419,123
Represented by		
Unrestricted funds	1,411,298	1,415,528
Restricted funds	3,906	3,595
	1,415,204	1,419,123

6 Operating income

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Voluntary income	108,319	131,503	86,789	114,430
Activities for generating funds	429,022	268,542	102,884	102,301
Charitable activities	1,526,418	1,440,256	1,526,418	1,475,256
Total incoming resources	2,063,759	1,840,301	1,716,091	1,691,987
Less				
Investment income				
- Interest	(3,852)	(5,126)	(3,935)	(8,199)
- Rent	(7,200)	(7,200)	-	-
Other income	(89,005)	(17,230)	(30,000)	(35,000)
Capital grants	(15,313)	-	-	-
Total operating income	1,948,389	1,810,745	1,682,156	1,648,788

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

7 Incoming resources from activities for generating funds

The wholly owned trading subsidiary Transform Commercial Limited, which is incorporated in Scotland, pays all its profits to the charity by gift aid. Transform Commercial Limited sells and supplies reusable furniture to those in need.

The charity owns the entire issued share capital of 1 ordinary share of £1. A summary of the trading results is shown below.

	2011 £	2010 £
Turnover	262,156	171,409
Cost of sales	(196,689)	(170,794)
Administration costs	(178,297)	(130,935)
Other income	110,807	24,430
Interest paid	(83)	(3,073)
Net loss	(2,106)	(108,963)
Amount gift aided to the charity	-	-
Retained in subsidiary	(2,106)	(108,963)
The assets and liabilities of the subsidiary were:		
Fixed assets	33,507	12,589
Current assets	83,240	93,419
Current liabilities	(313,715)	(322,590)
Deferred income	(21,720)	-
Total net liabilities	(218,688)	(216,582)
Aggregate share capital and reserves	(218,688)	(216,582)

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

8 Resources expended including allocation of support costs

Charitable activities

	Restricted Provision of accommodation £	Unrestricted Provision of accommodation £	Restricted Fareshare £	Unrestricted Fareshare £	Restricted Homefinder £	Restricted Day Service £	Unrestricted Day Service £	Restricted Commercial Trading £	Unrestricted Commercial Trading £	Total 2011 £	Total 2010 £
Staff costs (note 4)	-	937,320	20,540	44,854	146,516	-	-	-	-	1,149,230	1,094,293
Management and maintenance charges	-	76,571	-	-	-	-	-	-	-	76,571	68,000
Fabric and repairs	-	46,852	-	508	12,233	-	1,868	-	-	61,461	58,454
Food and general household	-	49,483	3,703	678	64	-	157	-	-	54,085	51,153
Heat and light	-	53,945	-	5,581	389	-	2,187	-	-	62,102	71,902
Telephone	-	7,741	-	1,052	4,328	-	594	-	-	13,715	13,599
Subscriptions and training expenses	-	185	-	920	62	-	-	-	-	1,167	12,654
Postage, advertising and stationery	-	7,792	-	623	3,258	-	115	-	-	11,788	13,789
Rent, rates and insurance	-	42,690	-	21,009	10,100	-	1,985	-	-	75,784	69,899
Transport and motor expenses	-	13,138	10,680	4,065	2,839	-	-	-	-	30,722	36,356
Activity resources and other sundries	-	-	-	861	677	-	-	-	-	1,538	3,279
Depreciation	-	16,760	-	1,500	-	-	1,275	-	-	19,535	20,960
Impairment	-	-	-	-	-	-	-	-	-	-	209,969
Professional fees	-	7,019	-	-	19	-	940	-	-	7,978	12,205
Bank charges	-	163	-	-	-	-	-	-	-	163	(148)
Grants repaid	-	-	-	-	-	-	-	-	-	-	27,913
	-	1,259,659	34,923	81,651	180,485	-	9,121	-	-	1,565,839	1,764,277

Notes to the consolidated accounts (continued)

	Restricted Provision of accommodation £	Unrestricted Provision of accommodation £	Restricted Fareshare £	Unrestricted Fareshare £	Restricted Homefinder £	Restricted Day Service £	Unrestricted Day Service £	Restricted Commercial Trading £	Unrestricted Commercial Trading £	Total 2010 £	Total 2010 £
Cost of generating funds											
Fundraising costs											
Food and general household	-	-	12,339	13,030	-	-	-	-	-	25,369	28,307
Staff costs (note 4)	-	-	-	-	-	-	-	-	-	-	9,316
			12,339	13,030	-	-	-	-	-	25,369	37,623
Commercial trading operations											
	-	-	-	-	-	-	-	91,588	238,448	330,036	261,874
Governance costs											
Staff costs (note 4)	-	85,042	-	-	-	-	-	-	-	85,042	83,170
Audit fees	-	13,925	-	650	500	-	-	-	2,950	18,025	14,075
Office costs	-	22,806	-	-	-	-	-	-	-	22,806	24,757
	-	121,773	-	650	500	-	-	-	-	125,873	122,002
Total	-	1,381,432	47,262	95,331	180,985	-	9,121	91,588	241,398	2,047,117	2,185,776

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

8 Resources expended including allocation of support costs (continued)

Governance costs

	Basis of apportionment	Governance 2011 £	Governance 2010 £
Staff costs (note 4)	Staff time	85,042	83,170
Fabric and repairs	Staff time	4,016	4,662
Heat and light	Staff time	4,514	6,178
Telephone	Staff time	971	1,442
Subscriptions and training expenses	Staff time	773	1,076
Postage, advertising and stationery	Staff time	1,152	2,343
Rent, rates and insurance	Staff time	8,553	6,444
Transport and motor expenses	Staff time	855	767
Activity resources and other sundries	Staff time	-	-
Professional fees	Staff time	167	164
Food and general household	Staff time	1,758	1,723
Bank charges	Staff time	47	(42)
		22,806	24,757
Audit fees	Direct	17,275	14,075
		125,123	122,002

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

9 Fixed tangible assets

<i>Company</i>	Land & buildings £	Vehicles £	Plant & machinery £	Total £
Cost				
At 31 March 2010	949,470	37,796	70,905	1,058,171
Additions	72,771	-	-	72,771
Disposals	(278,295)	(5,164)	(5,108)	(288,567)
At 31 March 2011	743,946	32,632	65,797	842,375
Depreciation				
At 31 March 2010	59,211	22,549	63,034	144,794
Charge for year	6,153	8,158	5,224	19,535
Disposals	(29,295)	(5,164)	(5,108)	(39,567)
At 31 March 2011	36,069	25,543	63,150	124,762
Net book value				
At 31 March 2011	<u>707,877</u>	<u>7,089</u>	<u>2,647</u>	<u>717,613</u>
At 31 March 2010	<u>890,259</u>	<u>15,247</u>	<u>7,871</u>	<u>913,377</u>
Group				
Cost				
At 31 March 2010	949,470	54,712	79,953	1,084,135
Additions	72,771	18,467	-	91,238
Disposals	(278,295)	(5,164)	(5,108)	(288,567)
At 31 March 2011	743,946	68,015	74,845	886,806
Depreciation				
At 31 March 2010	59,211	31,236	67,722	158,169
Charge for year	6,153	14,695	7,486	28,334
Disposals	(29,295)	(5,164)	(5,108)	(39,567)
At 31 March 2011	36,069	40,767	70,100	146,936
Net book value				
At 31 March 2011	<u>707,877</u>	<u>27,248</u>	<u>4,745</u>	<u>739,870</u>
At 31 March 2010	<u>890,259</u>	<u>23,476</u>	<u>12,231</u>	<u>925,966</u>

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

10 Intangible fixed assets

	Franchise fees	
	2011	2010
	£	£
Company	-	-
	=====	=====
Group		
At 31 March 2010	-	-
Additions	12,500	-
	-----	-----
Depreciation	1,250	-
	-----	-----
Net book value		
At 31 March 2011	11,250	-
	=====	=====

11 Fixed asset investments

Subsidiary

Transform Commercial Limited is a wholly owned subsidiary incorporated in Scotland. The loss for the year ended 31 March 2011 in Transform Commercial Limited is £2,106 (2010 - £108,963) and closing shareholders' funds are negative reserves totalling £218,688 (2010 - negative £216,582).

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Shares in Transform Commercial Limited	-	-	1	1
	=====	=====	=====	=====

Joint venture

The group holds a long term interest in Cairn Centre (Scotland) Limited under a contractual arrangement. The principal activity of Cairn Centre (Scotland) Limited is the letting of the Cairn Centre for the use of organisations sharing the group's objectives. Cairn Centre (Scotland) Limited was incorporated on 15 November 2007.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

11 Fixed asset investments (continued)

Group's share of joint venture's results

The group's share of the results of Cairn Centre (Scotland) Limited for the year ended 31 March 2011 are as follows:

	£	£
Incoming resources		
Voluntary income		-
Activities for generating funds		27,513
Total incoming resources		27,513
Resources expended		
Charitable activities	46,523	
Governance costs	2,277	
Total resources expended		(48,800)
Net outgoing resources		(21,287)

The group's share of the net assets of Cairn Centre (Scotland) Limited as at 31 March 2011 are as follows:

	£	£
Tangible fixed assets		464,932
Current assets	29,712	
Liabilities due within one year	(20,663)	
Net current assets		9,049
Net assets		473,981
Funds		
Unrestricted		(21,406)
Restricted		495,387
		473,981

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

12	Debtors	Group		Company	
		2011	2010	2011	2010
		£	£	£	£
	Trade debtors	17,324	6,661	-	-
	Local Authority – housing benefit	13,114	16,482	13,114	16,482
	Other debtors	56,449	69,525	29,953	53,878
	Loan to subsidiary	-	-	-	5,000
	Due from subsidiary	-	-	297,068	287,006
		<u>86,887</u>	<u>92,668</u>	<u>340,135</u>	<u>362,366</u>

The loan to the wholly owned subsidiary Transform Commercial Limited was unsecured, repayable on demand and subject to interest at the rate of 5% per annum.

13	Creditors	Group		Company	
		2011	2010	2011	2010
		£	£	£	£
	Amounts falling due within one year:				
	Trade creditors	19,890	6,174	17,235	4,640
	Creditors and accruals	55,247	88,381	39,056	57,909
	Other taxes and social security	26,348	27,876	26,348	27,876
	Due to subsidiary	-	-	2,199	1,422
		<u>101,485</u>	<u>122,431</u>	<u>84,838</u>	<u>91,847</u>

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

14 Funds

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers in year £	Closing balance £
<i>Company</i>					
Unrestricted funds					
General	1,325,528	1,445,926	(1,491,763)	31,607	1,311,298
Brewery Lane designated reserve	90,000	-	-	10,000	100,000
Total unrestricted funds	1,415,528	1,445,926	(1,491,763)	41,607	1,411,298
Restricted funds					
Homefinder	-	222,592	(180,985)	(41,607)	-
Fareshare Projects	2,595	47,073	(47,262)	-	2,406
Parkmill	1,000	500	-	-	1,500
Total restricted funds	3,595	270,165	(228,247)	(41,607)	3,906
Total funds	1,419,123	1,716,091	(1,720,010)	-	1,415,204
<i>Group</i>					
Unrestricted funds					
General	1,108,945	1,680,286	(1,728,228)	31,607	1,092,610
Brewery Lane designated reserve	90,000	-	-	10,000	100,000
Total unrestricted funds	1,198,945	1,680,286	(1,728,228)	41,607	1,192,610
Restricted funds					
Homefinder	-	222,592	(180,985)	(41,607)	-
Fareshare Projects	2,595	47,073	(47,262)	-	2,406
Parkmill	1,000	500	-	-	1,500
Transform Commercial Limited	-	88,985	(88,985)	-	-
Capital grants	-	15,313	(2,188)	-	13,125
Furniture for all	-	9,010	(415)	-	8,595
Total restricted funds	3,595	383,473	(319,835)	(41,607)	25,626
Total funds	1,202,540	2,063,759	(2,048,063)	-	1,218,236

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

14 Funds (continued)

Local authority grant funding received in the year for the Homefinder Project and the Fareshare Project is used to fund the project costs related to the purpose of the funding received. Any surplus remaining at the year end can be used for any other purpose within the company's objectives, therefore a transfer is made from restricted to unrestricted funds of these surplus funds. At the year end, £41,607 (2010 - £4,158) was transferred from the Homefinder Project in relation to this.

Fareshare had a restricted fund of £2,595 towards Christmas meals at 31 March 2010. During the year further donations of £1,693 were received to fund the provision of Christmas meals for service users. £2,406 was unspent at the year end. Fareshare also received restricted funding during the year for wages of £20,540, transport costs of £10,680 and £14,159 for costs of the division, all of these funds were fully spent in the year.

£500 was received towards the ongoing Parkmill project. This was unspent at the year end.

The Furniture for All restricted fund is to provide families with essential furniture when no government funding is available.

Transfers to unrestricted reserves are in respect of management charges and rent.

Within the unrestricted funds, there is a designated fund which has been allocated to Brewery Lane for the long term maintenance of the property.

Restricted funds are funds subject to specific purposes, which may be declared by the donor or with their authority.

15 Analysis of net assets between funds

<i>Company</i>	Unrestricted reserves £	Designated reserves £	Restricted reserves revenue £	Total £
Tangible fixed assets and investments	717,613	-	-	717,613
Net current assets	593,685	100,000	3,906	697,591
	<u>1,311,298</u>	<u>100,000</u>	<u>3,906</u>	<u>1,415,204</u>
<i>Group</i>				
Tangible fixed assets and investments	751,120	-	-	751,120
Net current assets	341,490	100,000	25,626	467,116
	<u>1,092,610</u>	<u>100,000</u>	<u>25,626</u>	<u>1,218,236</u>

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

16 Net interest received

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank interest received	3,598	4,572	3,598	4,572
Loan interest received	254	554	337	3,627
	<u>3,852</u>	<u>5,126</u>	<u>3,935</u>	<u>8,199</u>

17 Leasing commitments

At 31 March 2011 the group and company had the following annual commitments under a non-cancellable operating lease:

	Land and buildings		Other	
	2011	2010	2011	2010
<i>Company</i>	£	£	£	£
Agreements expiring within 1 year	-	-	8,890	-
Agreements expiring within 1-2 years	15,250	19,551	-	8,859
Agreements expiring after more than 2 years	<u>68,000</u>	<u>68,000</u>	<u>-</u>	<u>-</u>
<i>Group</i>				
Agreements expiring within 1 year	33,000	30,000	-	-
Agreements expiring within 1-2 years	15,250	19,551	-	8,859
Agreements expiring after more than 2 years	<u>83,000</u>	<u>83,000</u>	<u>-</u>	<u>-</u>

18 Control

The group is controlled by its directors.