

Transform Community Development

Company Limited by Guarantee

**Directors' report and consolidated accounts
for the year ended 31 March 2012**

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 Ian Warnock
Secretary	Simon Laidlaw
Chief Executive	Simon Laidlaw
Registered office	10 Brewery Lane Dundee DD1 5QW
Principal address	Unit 1, Block 22 Kilspindie Road Dunsinane Industrial Estate Dundee DD2 3JP
Auditor	Henderson Loggie Chartered Accountants Royal Exchange Panmure Street Dundee DD1 1DZ
Solicitors	RSB Macdonald Whitehall Street Dundee DD1 4BJ
Bankers	Royal Bank of Scotland plc 3 High Street Dundee DD1 4AF
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 2012.

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 8 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
Lindsay Dingwall
John McAllion
Ian Warnock (appointed 28 March 2012)

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. In addition Ian Warnock, having also been appointed since the last annual general meeting, offers himself for re-election at the forthcoming Annual General Meeting.

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 five 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.
- to provide schemes and other initiatives to (one) promote, manage and effect for the benefit of the public as a whole the provision, development and improvement of facilities for waste minimisation, recycling initiatives and other environmental improvements which promote environmental sustainability and (two) to encourage educational projects into recycling and waste management for the education of the public.

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

Our core business continues to accommodate and support more than 67 individuals at any one time in our residential services. During the course of the year more than 1000 vulnerable individuals will 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 had to be scaled down this year due to the continued difficulty in raising the funds required to operate. In spite of this the project still managed to divert more than 100 tonnes of food from landfill and again contributed to nearly 300,000 meals for vulnerable adults across Tayside. The project also continues to offer valuable training and volunteering opportunities to vulnerable adults. Through our commercial trading company we were also able to help as many as 1000 vulnerable individuals in need of furniture for their new homes. The trading company also assisted us in meeting our environmental objective by this year diverting more than 200 tonnes of furniture and white goods away from landfill.

Development and future activities

Contrary to the current financial climate work has finally begun on our Social Enterprise Development centre in Dundee. Full funding was in place earlier this year and a contractor duly appointed. It is anticipated that work will be complete late summer or early autumn next year. This is a significant time in the life of the organisation and will see us consolidate a lot of our activities into one location with the hope that it enables us to achieve even more.

Financial review

Sadly it must be noted that the charitable company again made a loss this year, however this was anticipated and entirely due to the continued lack of support from the Health Board. Discussions with the Health Board indicate that funding will only be reinstated when the level of reserves in the company are significantly less than currently being held. As such the organisation has taken measures to minimise the impact of this and continues to have dialogue with the Health Board on this issue.

**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.

Since the year end the group has sold interest in Cairn Centre (Scotland) Limited.

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 2012 were £393,881 (2011 - £693,685).

Auditor

So far as each director is aware, there is no relevant audit information of which the auditor is 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 auditor is 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 10 December 2012 and signed on its behalf by:



Alasdair MacQueen
Director

Transform Community Development Company Limited by Guarantee

Statement of directors' responsibilities

The directors (who are also the trustees of Transform Community Development for the purposes of charity 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 directors 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 Members and Directors of Transform Community Development

We have audited the accounts of Transform Community Development for the year ended 31 March 2012 which comprise the company and group income and expenditure accounts, company and group balance sheets, consolidated statement of financial activities and the related notes. The financial reporting framework that has been applied in their preparation is applicable Law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Statement of Directors' responsibilities, the directors (who are also the trustees of the charity for the purposes of charity law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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 (APB's) Ethical Standard for Auditors, including "APB's Ethical Standard - Provisions Available for Small Entities (Revised)" in the circumstances set out in note 2 to the accounts.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the APBs Ethical Standards for auditors.

Basis of audit opinion

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the report of the directors to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Transform Community Development
Company Limited by Guarantee**

**Independent auditor's report to the Members and Directors 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 charitable company's affairs as at 31 March 2012 and of the group's and the parent charitable company'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; and
- 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 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's accounts are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

10 December 2012

**Transform Community Development
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Company income and expenditure account for the year ended 31 March 2012

	Note	£	2012 £	£	2011 £
Operating income	6		1,485,732		1,682,156
Operating costs					
Staff costs	4	1,110,584		1,234,272	
Other operating charges		442,005		485,738	
			1,552,589		1,720,010
Operating deficit	3		(66,857)		(37,854)
Interest received	17		9,247		3,935
Other income			30,000		30,000
Gift aid received			10,213		-
Deficit on ordinary activities			(17,397)		(3,919)

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 2012

	Note	2012 Total £	2011 Total £
Operating income	6	1,808,400	1,948,389
Operating costs			
Cost of sales		36,774	25,369
Staff costs	4	1,282,368	1,402,984
Other operating charges		577,639	604,397
		1,896,781	2,032,750
Operating deficit	3	(88,381)	(84,361)
Net interest received	17	1,554	3,852
Other income		73,772	96,205
(Deficit)/surplus on ordinary activities		(13,055)	15,696

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 2012

	Note	£	2012 £	2011 £
Fixed assets				
Tangible assets	9		878,930	717,613
Investments	11		1	1
			<u>878,931</u>	<u>717,614</u>
Current assets				
Debtors	12	369,501		340,135
Cash at bank and in hand		263,903		442,293
		<u>633,404</u>		<u>782,428</u>
Creditors				
Amounts falling due within one year	13	(79,040)		(84,838)
Net current assets			<u>554,364</u>	<u>697,590</u>
Total assets less current liabilities			<u>1,433,295</u>	<u>1,415,204</u>
Creditors				
Amounts falling due after more than one year	14		(10,488)	-
Net assets			<u><u>1,422,807</u></u>	<u><u>1,415,204</u></u>
Funds				
<i>Unrestricted</i>	15		1,272,812	1,311,298
<i>Unrestricted designated</i>	15		110,000	100,000
			<u>1,382,812</u>	<u>1,411,298</u>
<i>Restricted</i>	15		39,995	3,906
			<u><u>1,422,807</u></u>	<u><u>1,415,204</u></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 10 December 2012 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 2012

	Note	2012 Total £	2011 Total £
Fixed assets			
Tangible assets	9	892,797	739,870
Intangible assets	10	8,750	11,250
		<u>901,547</u>	<u>751,120</u>
Current assets			
Debtors	12	139,913	86,887
Cash at bank and in hand		282,368	481,714
		<u>422,281</u>	<u>568,601</u>
Creditors			
Amounts falling due within one year	13	(83,159)	(101,485)
Net current assets		<u>339,122</u>	<u>467,116</u>
Total assets less current liabilities		<u>1,240,669</u>	<u>1,218,236</u>
Creditors			
Amounts falling due after more than one year	14	(10,488)	-
Net assets		<u>1,230,181</u>	<u>1,218,236</u>
Funds			
<i>Unrestricted</i>	15	1,070,811	1,092,610
<i>Unrestricted designated</i>	15	110,000	100,000
		<u>1,180,811</u>	<u>1,192,610</u>
<i>Restricted</i>	15	49,370	25,626
		<u>1,230,181</u>	<u>1,218,236</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 10 December 2012 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 2012

	Notes	Restricted funds £	Unrestricted Funds £	Total funds 2012 £	Total funds 2011 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income:					
Grants, donations and legacies		24,580	84,633	109,213	108,319
Capital grants		25,000	-	25,000	-
		<u>49,580</u>	<u>84,633</u>	<u>134,213</u>	<u>108,319</u>
Activities for generating funds:					
Fundraising		-	33,885	33,885	88,166
Investment income - group		-	8,754	8,754	11,052
Student placements / training		47,379	-	47,379	88,985
Commercial trading operations		-	277,775	277,775	240,819
		<u>47,379</u>	<u>320,414</u>	<u>367,793</u>	<u>429,022</u>
Incoming resources from charitable activities:					
Council Funding for homefinder, day service and rent deposit services		215,160	-	215,160	215,160
Health Board grants for accommodation services		-	106,741	106,741	106,735
Support services - housing benefit		-	375,446	375,446	377,343
Supporting People		-	700,778	700,778	827,180
		<u>215,160</u>	<u>1,182,965</u>	<u>1,398,125</u>	<u>1,526,418</u>
Group incoming resources (note 6)		<u>312,119</u>	<u>1,588,012</u>	<u>1,900,131</u>	<u>2,063,759</u>
Resources expended					
Costs of generating funds	8	5,045	31,729	36,774	25,369
Commercial trading operations	8	59,724	311,941	371,665	330,036
Charitable activities:					
Accommodation services	8	-	1,102,376	1,102,376	1,259,659
Fareshare	8	8,684	78,206	86,890	116,574
Homefinder	8	174,589	-	174,589	180,485
Day service	8	-	-	-	9,121
Governance costs	8	<u>868</u>	<u>115,024</u>	<u>115,892</u>	<u>125,873</u>
		<u>248,910</u>	<u>1,639,276</u>	<u>1,888,186</u>	<u>2,047,117</u>
Other outgoing resources					
Loss on disposal of fixed asset		-	-	-	946
Total resources expended		<u>248,910</u>	<u>1,639,276</u>	<u>1,888,186</u>	<u>2,048,063</u>

**Transform Community Development
Company Limited by Guarantee**

Consolidated statement of financial activities for the year ended 31 March 2012 (continued)

	Note	Restricted funds £	Unrestricted funds £	Total funds 2012 £	Total funds 2011 £
Group net incoming/(outgoing) resources before transfers		63,209	(51,264)	11,945	15,696
Gross transfers between funds	15	(39,465)	39,465	-	-
Net movement of funds in year		23,744	(11,799)	11,945	15,696
Total funds brought forward		25,626	1,192,610	1,218,236	1,202,540
Total funds carried forward	15	49,370	1,180,811	1,230,181	1,218,236

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 £1,554 (2011 - £3,852) and rental income of £7,200 (2011 - £7,200).

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 Company Limited by Guarantee

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 £62,033 (2011 - £68,561). At 31 March 2012 there was no outstanding amount (2011 - £5,219).

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.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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	
	2012	2011	2012	2011
	£	£	£	£
The operating deficit is stated after charging:				
Depreciation	27,125	28,334	18,735	19,535
Amortisation	2,500	1,250	-	-
Operating lease charges	131,229	140,140	79,569	92,140
Auditors' remuneration - audit	17,631	17,075	15,871	15,075
Auditors' remuneration - taxation	200	200	-	-
Loss on disposal of fixed assets	-	946	-	946
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4 Staff costs

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Wages and salaries	1,126,704	1,229,847	971,273	1,082,532
Social security costs	93,631	104,576	83,925	90,671
Other pension costs	62,033	68,561	55,386	61,069
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>1,282,368</u>	<u>1,402,984</u>	<u>1,110,584</u>	<u>1,234,272</u>

	No.	No.	No.	No.
The average monthly number of employees, excluding directors, was	<u>71</u>	<u>79</u>	<u>59</u>	<u>64</u>

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

No director received remuneration in either of the above financial years.

No amounts were reimbursed to directors during either financial year 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:

	2012 £	2011 £
Gross incoming resources	1,560,192	1,716,091
Total expenditure on costs of generating funds	(36,774)	(25,369)
Total expenditure on charitable activities	(1,401,683)	(1,571,718)
Governance costs	(114,132)	(122,923)
Net incoming/(outgoing) resources	7,603	(3,919)
Total funds brought forward	1,415,204	1,419,123
Total funds carried forward	1,422,807	1,415,204
Represented by		
Unrestricted funds	1,382,812	1,411,298
Restricted funds	39,995	3,906
	1,422,807	1,415,204

6 Operating income

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Voluntary income	134,213	108,319	88,935	86,789
Activities for generating funds	367,793	429,022	73,132	102,884
Charitable activities	1,398,125	1,526,418	1,398,125	1,526,418
Total incoming resources	1,900,131	2,063,759	1,560,192	1,716,091
Less				
Investment income				
- Interest	(1,554)	(3,852)	(9,247)	(3,935)
- Rent	(7,200)	(7,200)	-	-
Other income	(66,572)	(89,005)	(30,000)	(30,000)
Gift aid received	-	-	(10,213)	-
Capital grants	(25,000)	(15,313)	(25,000)	-
Grant released in year	8,595	-	-	-
Total operating income	1,808,400	1,948,389	1,485,732	1,682,156

**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.

	2012 £	2011 £
Turnover	325,897	262,156
Cost of sales	(221,466)	(196,689)
Administration costs	(169,613)	(178,297)
Other income	99,776	110,807
Interest paid	(7,693)	(83)
Net profit/(loss)	26,901	(2,106)
Amount gift aided to the charity	(10,213)	-
Retained in subsidiary	16,688	(2,106)
The assets and liabilities of the subsidiary were:		
Fixed assets	22,617	33,507
Current assets	72,963	83,240
Current liabilities	(288,205)	(313,715)
Deferred income	(9,375)	(21,720)
Total net liabilities	(202,000)	(218,688)
Aggregate share capital and reserves	(202,000)	(218,688)

**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 Commercial Trading £	Unrestricted Commercial Trading £	Total 2012 £	Total 2011 £
Staff costs (note 4)	-	843,081	7,684	38,880	146,448	-	-	1,036,093	1,149,230
Management and maintenance charges	-	-	-	4,335	1,871	-	-	40,276	76,571
Fabric and repairs	-	13,410	-	-	2,686	-	-	16,096	61,461
Food and general household	-	3,624	1,000	3,603	-	-	-	8,227	54,085
Heat and light	-	54,754	-	239	5,033	-	-	60,026	62,102
Telephone	-	9,535	-	372	4,343	-	-	14,250	13,715
Subscriptions and training expenses	-	6,540	-	1,069	10	-	-	7,619	1,167
Postage, advertising and stationery	-	10,165	-	678	4,337	-	-	15,180	11,788
Rent, rates and insurance	-	93,084	-	2,126	8,016	-	-	103,226	75,784
Transport and motor expenses	-	14,427	-	20,243	1,845	-	-	36,515	30,722
Activity resources and other sundries	-	116	-	815	-	-	-	931	1,538
Depreciation	-	12,889	-	5,846	-	-	-	18,735	19,535
Professional fees	-	6,650	-	-	-	-	-	6,650	7,978
Bank charges	-	31	-	-	-	-	-	31	163
	-	1,102,376	8,684	78,206	174,589	-	-	1,363,855	1,565,839

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

8 Resources expended including allocation of support costs (continued)

	Restricted Provision of accommodation £	Unrestricted Provision of accommodation £	Restricted Fareshare £	Unrestricted Fareshare £	Restricted Homefinder £	Restricted Commercial Trading £	Unrestricted Commercial Trading £	Total 2012 £	Total 2011 £
Cost of generating funds									
Fundraising costs									
Food and general household	-	31,645	4,807	84	238	-	-	36,774	25,369
	-	31,645	4,807	84	238	-	-	36,774	25,369
Commercial trading operations	-	-	-	-	-	59,724	311,941	371,665	330,036
Governance costs									
Staff costs (note 4)	-	74,491	-	-	-	-	-	74,491	85,042
Audit fees	-	14,319	-	684	868	-	1,760	17,631	18,025
Office costs	-	23,770	-	-	-	-	-	23,770	22,806
	-	112,580	-	684	868	-	1,760	115,892	125,873
Total	-	1,246,601	13,491	78,974	175,695	59,724	313,701	1,888,186	2,047,117

**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 2012 £	Governance 2011 £
Staff costs (note 4)	Staff time	74,491	85,042
Fabric and repairs	Staff time	3,039	4,016
Heat and light	Staff time	4,669	4,514
Telephone	Staff time	849	971
Subscriptions and training expenses	Staff time	1,401	773
Postage, advertising and stationery	Staff time	1,913	1,152
Rent, rates and insurance	Staff time	8,465	8,553
Transport and motor expenses	Staff time	1,748	855
Professional fees	Staff time	190	167
Food and general household	Staff time	1,487	1,758
Bank charges	Staff time	9	47
		23,770	22,806
Audit fees	Direct	17,631	17,275
		115,892	125,123

**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 2011	743,946	32,632	65,797	842,375
Additions	150,244	29,808	-	180,052
At 31 March 2012	894,190	62,440	65,797	1,022,427
Depreciation				
At 31 March 2011	36,069	25,543	63,150	124,762
Charge for year	6,153	9,935	2,647	18,735
At 31 March 2012	42,222	35,478	65,797	143,497
Net book value				
At 31 March 2012	851,968	26,962	-	878,930
At 31 March 2011	707,877	7,089	2,647	717,613
Group				
Cost				
At 31 March 2011	743,946	68,015	74,845	886,806
Additions	150,244	29,808	-	180,052
At 31 March 2012	894,190	97,823	74,845	1,066,858
Depreciation				
At 31 March 2011	36,069	40,767	70,100	146,936
Charge for year	6,153	16,552	4,420	27,125
At 31 March 2012	42,222	57,319	74,520	174,061
Net book value				
At 31 March 2012	851,968	40,504	325	892,797
At 31 March 2011	707,877	27,248	4,745	739,870

Included above are assets held under hire purchase contracts with net book value of £26,962. During the year depreciation of £5,846 was charged to such assets.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

10 Intangible fixed assets

	Franchise fees
	2012
	£
Company	-
	==
Group	
Cost	
At 31 March 2011 and 31 March 2012	12,500

Depreciation	
At 31 March 2011	1,250
Charge for year	2,500

At 31 March 2012	3,750

Net book value	
At 31 March 2012	8,750
	=====
At 31 March 2011	11,250
	=====

11 Fixed asset investments

Subsidiary

Transform Commercial Limited is a wholly owned subsidiary incorporated in Scotland. The profit for the year ended 31 March 2012 in Transform Commercial Limited is £16,688 (2011 - loss - £2,106) and closing shareholders' funds are negative reserves totalling £202,000 (2011 - negative £218,688).

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
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.

Since the year end, the group's holding in the Cairn Centre (Scotland) has been sold for proceeds of £293,750.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

12	Debtors	Group		Company	
		2012 £	2011 £	2012 £	2011 £
	Trade debtors	11,529	17,324	-	-
	Local Authority – housing benefit	15,903	13,114	15,903	13,114
	Other debtors	112,481	56,449	69,512	29,953
	Due from subsidiary	-	-	284,086	297,068
		<u>139,913</u>	<u>86,887</u>	<u>369,501</u>	<u>340,135</u>

13	Creditors: amounts falling due within one year	Group		Company	
		2012 £	2011 £	2012 £	2011 £
	Trade creditors	16,331	19,890	3,850	17,235
	Creditors and accruals	35,691	55,247	28,918	39,056
	Net obligation under hire purchase contracts (secured)	6,624	-	6,624	-
	Other taxes and social security	24,513	26,348	24,513	26,348
	Due to subsidiary	-	-	15,135	2,199
		<u>83,159</u>	<u>101,485</u>	<u>79,040</u>	<u>84,838</u>

The hire purchase liability is secured on the assets concerned.

14	Creditors: amounts falling due after more than one year	Group		Company	
		2012 £	2011 £	2012 £	2011 £
	Net obligations under hire purchase contracts (secured)	<u>10,488</u>	<u>-</u>	<u>10,488</u>	<u>-</u>

The hire purchase liability is secured on the assets concerned.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

15 Funds

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers in year £	Closing balance £
<i>Company</i>					
Unrestricted funds					
General	1,311,298	1,295,452	(1,363,403)	29,465	1,272,812
Brewery Lane designated reserve	100,000	-	-	10,000	110,000
Total unrestricted funds	1,411,298	1,295,452	(1,363,403)	39,465	1,382,812
Restricted funds					
Homefinder	-	215,160	(175,695)	(39,465)	-
Fareshare Projects	2,406	24,480	(13,491)	-	13,395
Parkmill	1,500	25,000	-	-	26,500
Soapwork Lane	-	100	-	-	100
Total restricted funds	3,906	264,740	(189,186)	(39,465)	39,995
Total funds	1,415,204	1,560,192	(1,552,589)	-	1,422,807
<i>Group</i>					
Unrestricted funds					
General	1,092,610	1,588,012	(1,639,276)	29,465	1,070,811
Brewery Lane designated reserve	100,000	-	-	10,000	110,000
Total unrestricted funds	1,192,610	1,588,012	(1,639,276)	39,465	1,180,811
Restricted funds					
Homefinder	-	215,160	(175,695)	(39,465)	-
Fareshare Projects	2,406	24,480	(13,491)	-	13,395
Parkmill	1,500	25,000	-	-	26,500
Transform Commercial Limited	-	47,379	(47,379)	-	-
Capital grants	13,125	-	(3,750)	-	9,375
Furniture for all	8,595	-	(8,595)	-	-
Soapwork Lane	-	100	-	-	100
Total restricted funds	25,626	312,119	(248,910)	(39,465)	49,370
Total funds	1,218,236	1,900,131	(1,888,186)	-	1,230,181

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

15 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, £39,465 (2011 - £41,607) was transferred from the Homefinder Project in relation to this.

Fareshare had a restricted fund of £2,406 towards Christmas meals at 31 March 2011 which remains unspent at the year end. Fareshare also received restricted funding during the year for transport costs of £4,680 and £19,800 for costs of the division, of which £10,989 was unspent at the year end.

The Parkmill reserve relates to capital funding received towards the development of the Parkmill site owned by the charitable company.

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, under the terms of the lease, is being 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.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

16 Analysis of net assets between funds

	Unrestricted reserves	Designated reserves	Restricted reserves	Total
<i>Company</i>	£	£	£	£
Tangible fixed assets and investments	878,931	-	-	878,931
Net current assets	404,369	110,000	39,995	554,364
Creditors due after more than one year	(10,488)	-	-	(10,488)
	<u>1,272,812</u>	<u>110,000</u>	<u>39,995</u>	<u>1,422,807</u>
 <i>Group</i>				
Tangible fixed assets and investments	901,547	-	-	901,547
Net current assets	179,752	110,000	49,370	339,122
Creditors due after more than one year	(10,488)	-	-	(10,488)
	<u>1,170,811</u>	<u>110,000</u>	<u>49,370</u>	<u>1,230,181</u>

17 Net interest received

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank interest received	1,554	3,598	1,554	3,598
Loan interest received	-	254	7,693	337
	<u>1,554</u>	<u>3,852</u>	<u>9,247</u>	<u>3,935</u>

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

18 Capital commitments

As at the year end, a capital commitment of £850,000 exists in respect of building works to be carried out in the future.

19 Contingent liabilities

A contingent liability exists for property bonds guaranteed in respect of properties occupied by clients of Transform Community Development. The total guarantee given for properties currently occupied amounts to £70,385.

20 Leasing commitments

At 31 March 2012 the group and charitable company had the following annual commitments under a non-cancellable operating lease:

	Land and buildings		Other	
	2012	2011	2012	2011
<i>Company</i>	£	£	£	£
Agreements expiring within 1 year	-	-	-	8,890
Agreements expiring within 1-2 years	-	15,250	-	-
Agreements expiring after more than 2 years	78,580	68,000	-	-
	<u>78,580</u>	<u>68,000</u>	<u>-</u>	<u>-</u>
Group				
Agreements expiring within 1 year	33,000	33,000	-	-
Agreements expiring within 1-2 years	-	15,250	-	-
Agreements expiring after more than 2 years	98,580	83,000	-	-
	<u>98,580</u>	<u>83,000</u>	<u>-</u>	<u>-</u>