

Transform Community Development

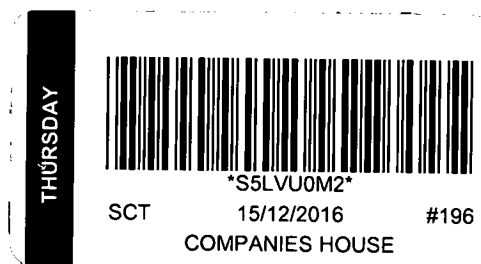
Company Limited by Guarantee

**Directors' report and consolidated accounts
for the year ended 31 March 2016**

Charity number SC014961

Company number SC097367

ID568803



Transform Community Development Company Limited by Guarantee

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**Transform Community Development
Company Limited by Guarantee**

Company information

Directors	Ron Gabriel John McAllion Alasdair MacQueen Iain MacRae Kathleen Mansi Jim Pickett
Secretary	Simon Laidlaw
Chief Executive	Simon Laidlaw
Registered office	Transform House 95 Douglas Street Dundee DD1 5AZ
Principal address	Transform House 95 Douglas Street Dundee DD1 5AZ
Auditor	Henderson Loggie Chartered Accountants The Vision Building 20 Greenmarket Dundee DD1 4QB
Solicitors	RSB/Lindsays Seabraes House 18 Greenmarket Dundee DD1 4QB
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 2016.

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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102).

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 6 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 two 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 two 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	(resigned 27 April 2016)
Ron Gabriel	
John McAllion	
Alasdair MacQueen	
Iain MacRae	
Jim Pickett	
Tom Smith	(resigned 6 June 2016)
Ian Warnock	(resigned 3 February 2016)
Kathleen Mansi	(appointed 27 January 2016)

In accordance with the company's Articles of Association, Kathleen Mansi, having been appointed during the year to fill a casual vacancy, Alistair MacQueen and Iain McRae will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Key management personnel

The directors consider Transform Community Developments key personnel to be the directors, the Chief Executive Officer, the Head of Support Services and the Operational Heads of Service. The organisation has a pay grading structure which is reviewed by the board on a regular basis. Staff are placed within that pay grading structure commensurate with their qualifications and experience. Directors receive no remuneration from the company.

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.

Transform Community Development Company Limited by Guarantee

Report of the directors (continued)

Objectives, achievements and performance (continued)

- 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.
- 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 of accommodating and supporting vulnerable adults continues with more than 1,000 people being helped to move on in their lives and addressing many complex issues in the process. Our FareShare food redistribution project continues to expand now with more than seventy organisations receiving food, contributing to almost 400,000 meals across Tayside and Fife. Our Zero Waste project continues in assisting us to meet our environmental objective by providing education and volunteering opportunities that champion waste minimisation. This year the project expanded its remit to take on Perth as well as Dundee and Angus.

Development and future activities

In partnership with the Community Resource Network for Scotland we have been successful in winning a tender with Scotland Excel to supply reuse furniture to the Local Authorities in our area. We hope this will generate new business for our furniture project and in turn much needed income for the charity.

Financial review

Sadly, once again, we are in a position of making a loss this year. That being said, it is not surprising given the continued public sector cutbacks and the current financial climate. Once again however through sound operational practice and continual review we have managed to keep any losses to a minimum and will continue to seek ways of remaining as efficient as possible, given the real possibility of further cutbacks this year and in the future.

Transform Community Development Company Limited by Guarantee

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.

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.

This work has identified that financial sustainability is the major financial risk for both the charity and its subsidiary. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, regular liaison with the bank, and active management of trade debtors and creditors balances to ensure sufficient working capital by the charity and its subsidiary companies.

Attention has also been focused on non-financial risks arising from fire, health and safety and food hygiene. These risks are managed by ensuring accreditation is up to date, having robust policies and procedures in place, and regular awareness training for staff working in these operational areas.

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 2016 were £42,769 (2015 – surplus £337,742), once adjustment made for loans secured on the property, which are not at the level required and the directors are actively looking at ways this can be improved in the future.

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 14 December 2016 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 2016 which comprise the company and group income and expenditure accounts, company and group balance sheets, company and group statements of cash flows, 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 (as amended). 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.

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 any information that is materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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; or
- the directors were not entitled to prepare the accounts in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and from preparing a strategic report.



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 2016

**Transform Community Development
Company Limited by Guarantee**

Company income and expenditure account for the year ended 31 March 2016

	Note	£	2016 £	£	2015 £
Operating income	6		1,395,008		1,449,522
Operating costs					
Staff costs	4	974,880		1,017,236	
Other operating charges		481,968		491,024	
			1,456,848		1,508,260
Operating deficit	3		(61,840)		(58,738)
Interest received	16		3,432		8,264
Other income			13,164		13,164
Total comprehensive expenditure			(45,244) =====		(37,310) =====

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 34 form part of these accounts.

**Transform Community Development
Company Limited by Guarantee**

Consolidated income and expenditure account for the year ended 31 March 2016

	Note	2016 £	2015 £
Operating income	6	1,555,044	1,635,270
Operating costs			
Cost of sales		8,468	13,114
Staff costs	4	1,117,418	1,162,600
Other operating charges		596,205	577,082
		1,722,091	1,752,796
Operating deficit	3	(167,047)	(117,526)
Net interest received	16	-	444
Other income		78,692	51,093
Total comprehensive expenditure		(88,355) =====	(65,989) =====

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 34 form part of these accounts.

**Transform Community Development
Company Limited by Guarantee**

Company balance sheet as at 31 March 2016

			2016	As restated 2015
	Note	£	£	£
Fixed assets				
Tangible assets	9		1,439,324	1,478,605
Investments	10		1	1
			<u>1,439,325</u>	<u>1,478,606</u>
Current assets				
Debtors	11	156,291		119,907
Cash at bank and in hand		280,561		320,411
		<u>436,852</u>		<u>440,318</u>
Creditors				
Amounts falling due within one year	12	(167,622)		(135,655)
Net current assets			<u>269,230</u>	<u>304,663</u>
Total assets less current liabilities			<u>1,708,555</u>	<u>1,783,269</u>
Creditors				
Amounts falling due after more than one year	13		(292,992)	(309,298)
Net assets			<u>1,415,563</u> =====	<u>1,473,971</u> =====
Funds				
Unrestricted	14		835,772	911,009
Unrestricted designated	14		150,000	140,000
			<u>985,772</u>	<u>1,051,009</u>
Restricted	14		429,791	422,962
Total charity funds			<u>1,415,563</u> =====	<u>1,473,971</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 2016 and signed on their behalf by

Alasdair MacQueen
Director



The notes on pages 15 to 34 form part of these accounts.

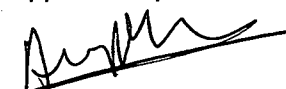
**Transform Community Development
Company Limited by Guarantee**

Consolidated balance sheet as at 31 March 2016

			2016	2015
	Note	£	£	£
Fixed assets				
Tangible assets	9		1,459,091	1,492,599
			1,459,091	1,492,599
Current assets				
Debtors	11	39,555		53,855
Cash at bank and in hand		300,894		340,291
		340,449		394,146
Creditors				
Amounts falling due within one year	12	(172,057)		(141,437)
Net current assets			168,392	252,709
Total assets less current liabilities			1,627,483	1,745,308
Creditors				
Amounts falling due after more than one year	13		(292,992)	(309,298)
Net assets			1,334,491	1,436,010
Funds				
Unrestricted	14		754,700	873,048
Unrestricted designated	14		150,000	140,000
			904,700	1,013,048
Restricted	14		429,791	422,962
Total charity funds			1,334,491	1,436,010

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 2016 and signed on their behalf by



Alasdair MacQueen
Director

The notes on pages 15 to 34 form part of these accounts.

**Transform Community Development
Company Limited by Guarantee**

Company statement of cash flows for the year ended 31 March 2016

	2016	2015
£	£	£
Cash (used in)/provided by operating activities (note 19)	(11,970)	72,877
Cash flows from investing activities		
Interest received	3,432	8,264
Interest paid	(13,624)	(13,925)
Payments to acquire tangible fixed assets	(1,704)	(31,717)
Cash used in investing activities	(11,896)	(37,378)
	(23,866)	35,499
Cash flows from financing activities		
Loan repayments	(15,984)	(9,154)
Cash used in financing activities	(15,984)	(9,154)
(Decrease)/increase in cash and cash equivalents in the year	(39,850)	26,345
Cash and cash equivalents at the beginning of the year	320,411	294,066
Total cash and cash equivalents at the end of the year	280,561	320,411
	=====	=====

**Transform Community Development
Company Limited by Guarantee**

Consolidated statement of cash flows for the year ended 31 March 2016

	£	2016 £	£	2015 £
Cash (used in)/provided by operating activities (note 19)		(1,094)		5,616
Cash flows from investing activities				
Interest received	-		444	
Interest paid	(13,624)		(13,925)	
Payments to acquire tangible fixed assets	(8,695)		(46,283)	
Cash used in investing activities		(22,319)		(59,764)
		(23,413)		(54,148)
Cash flows from financing activities				
Loan repayments	(15,984)		(9,154)	
Cash used in financing activities		(15,984)		(9,154)
Decrease in cash and cash equivalents in the year		(39,397)		(63,302)
Cash and cash equivalents at the beginning of the year		340,291		403,593
Total cash and cash equivalents at the end of the year		300,894		340,291
		=====		=====

**Transform Community Development
Company Limited by Guarantee**

Consolidated statement of financial activities for the year ended 31 March 2016

	Notes	Restricted funds £	Unrestricted Funds £	Total funds 2016 £	Total funds 2015 £
Income					
Fundraising		76,038	-	76,038	101,120
Student placements / training		48,553	-	48,553	35,554
Grants, donations and legacies		70,586	10,675	81,261	58,641
Capital grants		-	-	-	22,000
		<u>195,177</u>	<u>10,675</u>	<u>205,852</u>	<u>80,641</u>
Income from other trading activities					
Investment income - group		-	15,000	15,000	18,811
Commercial trading operations		-	255,088	255,088	252,733
Income from charitable activities:					
Council Funding for Homefinder, day service and rent deposit services		-	-	-	68,667
Support services - housing benefit		-	396,363	396,363	388,001
Supporting People		-	748,269	748,269	748,241
		<u>-</u>	<u>1,144,632</u>	<u>1,144,632</u>	<u>1,204,909</u>
Group income (note 6)		<u>195,177</u>	<u>1,425,395</u>	<u>1,620,572</u>	<u>1,693,768</u>
Expenditure					
Costs of raising funds	8	48,553	246,244	294,797	311,282
Charitable activities:					
Accommodation services	8	-	1,110,230	1,110,230	1,109,737
Transform House	8	134,907	125,443	260,350	217,615
Homefinder	8	4,888	-	4,888	63,332
Support costs	8	-	51,826	51,826	50,830
Total expenditure		<u>188,348</u>	<u>1,533,743</u>	<u>1,722,091</u>	<u>1,752,796</u>

**Transform Community Development
Company Limited by Guarantee**

**Consolidated statement of financial activities for the year ended 31 March 2016
(continued)**

	Note	Restricted funds £	Unrestricted funds £	Total funds 2016 £	Total funds 2015 £
Group net income/(expenditure) before:		6,829	(108,348)	(101,519)	(59,028)
Transfers					
Gross transfers between funds	14	-	-	-	-
Net movement of funds in year		6,829	(113,236)	(101,519)	(59,028)
Total funds brought forward		422,962	1,013,048	1,436,010	1,495,038
Total funds carried forward	14	429,791	904,700	1,334,491	1,436,010
		=====	=====	=====	=====

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 £Nil (2015 - £444) and rental income of £15,000 (2015 - £18,367).

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 financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Transform Community Development meets the definition of a public benefit entity under FRS 102.

Going concern

The directors consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Reconciliation with previously Generally Accepted Accounting Practice

In preparing the financial statements, the directors have considered whether in applying the accounting policies required by FRS 102 and the charities SORP FRS 102, a restatement of comparative items was needed. The transition date was 1 April 2014. An explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 21.

Group accounts

These accounts consolidate the results of the Charity and its wholly owned subsidiary, Transform Commercial Limited, on a line by line basis.

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.

Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income recoverable can be measured reliably.

Interest receivable

Interest is included when receivable by the charity and the amount can be measured reliably by the charity.

Rental income

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

Donations

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either the conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity, and it is probable that those conditions will be fulfilled in the reporting period.

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.

Transform Community Development Company Limited by Guarantee

Notes to the financial statements (continued)

2 Accounting policies (continued)

Expenditure and irrecoverable VAT

All expenditure is included in the financial statements on an accruals basis. Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

- Costs of raising 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, Day service, furnished tenancies and other ongoing project costs, and include both the direct costs and support costs relating to these activities.
- Governance and support costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. Governance costs are included with charitable activities and are apportioned based on staff time.

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 £53,385 (2015 - £58,564). At 31 March 2016 there were no amounts outstanding (2015 - £NIL).

Taxation

The company has been recognised by both the Office of the Scottish Charity Regulator and HM Revenue & Customs as a charity and therefore no taxation charge has been applied.

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.

Transform Community Development Company Limited by Guarantee

Notes to the financial statements (continued)

2 Accounting policies (continued)

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.

3 Operating deficit

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
The operating deficit is stated after charging:				
Depreciation	42,203	49,676	40,985	46,796
Amortisation	-	2,500	-	-
Capital grant release	(6,914)	(15,039)	(6,914)	(13,164)
Operating lease charges	147,929	124,847	102,929	89,188
Auditors' remuneration - audit	16,020	15,030	13,350	12,780
Auditors' remuneration - taxation	335	307	-	-
	=====	=====	=====	=====

4 Staff costs

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Wages and salaries	987,169	1,024,292	856,691	895,300
Social security costs	76,864	79,744	68,989	69,541
Other pension costs	53,385	58,564	49,200	52,395
	=====	=====	=====	=====
	1,117,418	1,162,600	974,880	1,017,236
	=====	=====	=====	=====
	No.	No.	No.	No.
The average monthly number of employees, excluding directors, was	52	56	40	45
	===	===	===	===

One employee received remuneration in excess of £60,000 (2015 – £60,000) 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.

Total employment benefits of key management personnel, including pension costs were £171,444 (2015 - £179,617).

**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:

	2016	As restated 2015
	£	£
Gross income	1,398,440	1,482,786
Total expenditure on raising funds	(32,559)	(41,566)
Total expenditure on charitable activities	(1,424,289)	(1,466,694)
Net (expenditure)/income	(58,408)	(25,474)
Total funds brought forward, as restated	1,473,971	1,499,445
Total funds carried forward	1,415,563	1,473,971
	=====	=====
Represented by		
Unrestricted funds	985,772	1,051,009
Restricted funds	429,791	422,962
	1,415,563	1,473,971
	=====	=====

6 Operating income

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Grants, donations and legacies	81,261	58,641	81,261	58,641
Fundraising	76,038	101,120	76,038	101,120
Student placements / training	48,553	35,554	48,553	35,554
Capital grants	-	22,000	-	25,000
Income from other trading activities	255,088	252,733	17,524	19,375
Charitable activities	1,144,632	1,204,909	1,144,632	1,204,909
Investment income	15,000	18,811	30,432	38,187
Total income	1,620,572	1,693,768	1,398,440	1,482,786
Less				
Investment income				
- Interest	-	(444)	(3,432)	(8,264)
Other income	(65,528)	(36,054)	-	-
Capital grants	-	(22,000)	-	(25,000)
Total operating income	1,555,044	1,635,270	1,395,008	1,449,522
	=====	=====	=====	=====

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

7 Income from other trading activities

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.

	2016 £	As restated 2015 £
Turnover	195,738	200,172
Cost of sales	(151,007)	(158,478)
Administration costs	(129,938)	(100,482)
Other income	45,528	37,929
Interest paid	(3,432)	(7,820)
Net loss	(43,111)	(28,679)
Amount gift aided to the charity	-	-
Retained in subsidiary	(43,111) =====	(28,679) =====
The assets and liabilities of the subsidiary were:		
Fixed assets	19,767	13,994
Current assets	44,941	49,042
Current liabilities	(145,779)	(100,996)
Total net liabilities	(81,071) =====	(37,960) =====
Aggregate share capital and reserves	(81,071) =====	(37,960) =====

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

8 Expenditure including allocation of support costs

Charitable activities

	Unrestricted Provision of accommodation £	Restricted Transform House £	Unrestricted Transform House £	Restricted Homefinder £	Restricted Commercial Trading £	Unrestricted Commercial Trading £	Unrestricted Support costs incl governance costs £	Total 2016 £	Total 2015 £
Staff costs (note 4)	808,764	88,465	44,330	4,888	-	-	28,433	974,880	989,807
Fabric and repairs	30,413	-	10,633	-	-	-	-	41,046	39,935
Food and general household	250	12,974	1,288	-	-	-	-	14,512	23,526
Heat and light	71,462	-	14,143	-	-	-	3,536	89,141	97,544
Telephone	7,594	-	1,846	-	-	-	461	9,901	12,450
Subscriptions and training expenses	3,860	-	-	-	-	-	-	3,860	4,830
Postage, advertising and stationery	16,936	-	120	-	-	-	30	17,086	16,621
Rent, rates and insurance	146,696	-	13,219	-	-	-	-	159,915	147,493
Transport and motor expenses	15,966	20,304	-	-	-	-	-	36,270	23,958
Audit fees	-	-	-	-	-	-	16,355	16,355	15,030
Loan Interest	-	-	10,899	-	-	-	2,725	13,624	14,221
Depreciation	-	13,164	27,821	-	-	-	-	40,985	46,796
Professional fees	8,219	-	-	-	-	-	-	8,219	8,881
Bank charges	70	-	1,144	-	-	-	286	1,500	718
Hire purchase interest	-	-	-	-	-	-	-	-	(296)
	<u>1,110,230</u>	<u>134,907</u>	<u>125,443</u>	<u>4,888</u>	<u>-</u>	<u>-</u>	<u>51,826</u>	<u>1,427,294</u>	<u>1,441,514</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

8 Expenditure including allocation of support costs (continued)

	Unrestricted Provision of accommodation £	Restricted Transform House £	Unrestricted Transform House £	Restricted Homefinder £	Restricted Commercial Trading £	Unrestricted Commercial Trading £	Unrestricted Support costs incl governance costs £	Total 2016 £	Total 2015 £
Cost of raising funds									
Food and general household	32,559	-	-	-	-	-	-	32,559	41,566
Commercial trading operations	-	-	-	-	48,553	213,685	-	262,238	269,716
	<u>32,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,553</u>	<u>213,685</u>	<u>-</u>	<u>294,797</u>	
	=====	=====	=====	=====	=====	=====	=====	=====	=====
	1,142,789	134,907	125,443	4,888	48,553	213,685	51,826	1,722,091	1,752,796
	=====	=====	=====	=====	=====	=====	=====	=====	=====

**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 2015	1,566,525	67,864	31,059	1,665,448
Additions	1,704	-	-	1,704
Disposals	-	-	-	-
At 31 March 2016	1,568,229	67,864	31,059	1,667,152
Depreciation				
At 31 March 2015	112,568	43,216	31,059	186,843
Charge for year	31,365	9,620	-	40,985
Disposals	-	-	-	-
At 31 March 2016	143,933	52,836	31,059	227,828
Net book value				
At 31 March 2016	1,424,296	15,028	-	1,439,324
	=====	=====	=====	=====
At 31 March 2015	1,453,957	24,648	-	1,478,605
	=====	=====	=====	=====
Group				
Cost				
At 31 March 2015	1,579,871	94,331	40,622	1,714,824
Additions	6,495	2,200	-	8,695
Disposals	-	-	-	-
At 31 March 2016	1,586,366	96,531	40,622	1,723,519
Depreciation				
At 31 March 2015	112,835	69,683	39,707	222,225
Charge for year	31,728	10,170	305	42,203
Disposals	-	-	-	-
At 31 March 2016	144,563	79,853	40,012	264,428
Net book value				
At 31 March 2016	1,441,803	16,678	610	1,459,091
	=====	=====	=====	=====
At 31 March 2015	1,467,036	24,648	915	1,492,599
	=====	=====	=====	=====

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

10 Fixed asset investments

Subsidiary

Transform Commercial Limited is a wholly owned subsidiary incorporated in Scotland. The loss for the year ended 31 March 2016 in Transform Commercial Limited is £43,111 (2015 – £28,679) and closing shareholders' funds are negative reserves totalling £81,071 (2015 - £37,960).

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Shares in Transform Commercial Limited	-	-	1	1
	===	===	===	===

11 Debtors

	Group		Company	
	2016	2015	2016	As restated 2015
	£	£	£	£
Trade debtors	8,780	14,475	-	-
Local Authority – housing benefit	5,567	4,869	5,567	4,869
Other debtors	25,208	34,511	10,003	19,824
Due from subsidiary	-	-	140,721	95,214
	<u>39,555</u>	<u>53,855</u>	<u>156,291</u>	<u>119,907</u>
	=====	=====	=====	=====

12 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	14,836	10,670	15,459	9,813
Creditors and accruals	121,634	92,928	116,576	88,003
Loans	16,878	16,556	16,878	16,556
Other taxes and social security	18,709	21,283	18,709	21,283
	<u>172,057</u>	<u>141,437</u>	<u>167,622</u>	<u>135,655</u>
	=====	=====	=====	=====

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Loans	292,992	309,298	292,992	309,298
	292,992	309,298	292,992	309,298
	=====	=====	=====	=====

Analysis of Loans

Group and Company

The following is included within loans due as at the year end:

	2016	2015
	£	£
Bank Loan	175,588	185,504
Social Investment Scotland loan	134,282	140,350
	309,870	325,854
Included in current liabilities	(16,878)	(16,556)
	292,992	309,298
	=====	=====

Loan maturity analysis

In less than one year	16,878	16,556
Between two and five years	271,296	279,001
In more than five years	21,696	30,297
	309,870	325,854
	=====	=====

The above loans are made up of a £175,588 bank loan, a risk capital loan from Social Investment Scotland (SIS) of £75,000 and a term loan of £59,282 also from Social Investment Scotland.

All of the above loans are secured by a standard security on Transform House and also a bond and floating charge over all assets of the Company.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

14 Funds (continued)

	Opening balance As restated £	Income £	Expenditure £	Transfers in year £	Closing balance £
Company					
Unrestricted funds					
General	911,009	1,251,816	(1,317,053)	(10,000)	835,772
Brewery Lane designated reserve	140,000	-	-	10,000	150,000
Total unrestricted funds	1,051,009	1,251,816	(1,317,053)	-	985,772
Restricted funds					
Homefinder	4,888	-	(4,888)	-	-
Transform House projects	63,986	146,624	(121,743)	-	88,867
Parkmill capital grants	335,338	-	(6,914)	-	328,424
Transform House van	18,750	-	(6,250)	-	12,500
Total restricted funds	422,962	146,624	(139,795)	-	429,791
Total funds	1,473,971 =====	1,398,440 =====	(1,456,848) =====	- =====	1,415,563 =====
Group					
Unrestricted funds					
General	873,048	1,425,395	(1,533,743)	(10,000)	754,700
Brewery Lane designated reserve	140,000	-	-	10,000	150,000
Total unrestricted funds	1,013,048	1,425,395	(1,533,743)	-	904,700
Restricted funds					
Homefinder	4,888	-	(4,888)	-	-
Transform House projects	63,986	146,624	(121,743)	-	88,867
Parkmill capital grants	335,338	-	(6,914)	-	328,424
Transform House Van	18,750	-	(6,250)	-	12,500
Transform Commercial Limited	-	48,553	(48,553)	-	-
Total restricted funds	422,962	195,177	(188,348)	-	429,791
Total funds	1,436,010 =====	1,620,572 =====	(1,722,091) =====	- =====	1,334,491 =====

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

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

The Transform House projects had a restricted fund balance brought forward of £63,986, which was spent during the year. The projects also received restricted funding during the year for the Community Larder Project of £17,593 (2015 - £52,779), £58,385 (2015 - £48,341) towards the Zero Waste project running costs, £70,146 from Fareshare towards development salaries and van hire, and £500 (2015 - £25,500) for other running costs within the projects, of which £88,867 (2015 - £63,986) was unspent at the year end.

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

During the prior year the charity received a capital grant from Big Lottery relating to the purchase of a van (£22,000). A further £3,000 grant which was received in 2013 from the Hugh Fraser Foundation was utilised towards the purchase of the van. This is being released in line with depreciation.

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.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

15 Analysis of net assets between funds

	Unrestricted reserves	Designated reserves	Restricted reserves	Total
<i>Company</i>	£	£	£	£
Tangible fixed assets and investments	1,096,873	-	342,452	1,439,325
Net current assets	31,891	150,000	87,339	269,230
Long term liabilities	(292,992)	-	-	(292,992)
	<u>835,772</u>	<u>150,000</u>	<u>429,791</u>	<u>1,415,563</u>
	=====	=====	=====	=====
<i>Group</i>				
Tangible fixed assets and investments	1,116,639	-	342,452	1,459,091
Net current (liabilities)/assets	(68,947)	150,000	87,339	168,392
Long term liabilities	(292,992)	-	-	(292,992)
	<u>754,700</u>	<u>150,000</u>	<u>429,791</u>	<u>1,334,491</u>
	=====	=====	=====	=====

16 Net interest received

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank interest received	-	444	-	444
Loan interest received	-	-	3,432	7,820
	<u>-</u>	<u>444</u>	<u>3,432</u>	<u>8,264</u>
	=====	=====	=====	=====

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

17 Capital commitments

At the year end there were no capital commitments.

18 Leasing commitments

At 31 March 2016 the group and charitable company had the following annual commitments under a non-cancellable operating lease:

	Land and buildings		Other	
	2016	2015	2016	2015
<i>Company</i>	£	£	£	£
Agreements expiring within 1 year	20,731	19,433	1,692	16,920
Agreements expiring within 1-2 years	-	-	-	-
Agreements expiring after more than 2 years	-	-	-	-
	=====	=====	=====	=====
<i>Group</i>				
Agreements expiring within 1 year	65,731	64,433	1,692	16,920
Agreements expiring within 1-2 years	45,000	45,000	-	-
Agreements expiring after more than 2 years	60,000	105,000	-	-
	=====	=====	=====	=====

19 Reconciliation of group net movement in funds to net cash flow from operating activities

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Net movement in funds	(101,519)	(59,028)	(58,408)	(25,474)
Adjustments for:				
Investment income	-	(444)	(3,432)	(8,264)
Financing costs	13,624	13,925	13,624	13,925
Disposal of intangible asset	-	1,250	-	-
Depreciation	42,203	49,676	40,985	46,796
Amortisation	-	2,500	-	-
Decrease/(increase) in debtors	14,300	(6,349)	(36,384)	13,544
(Decrease)/increase in creditors	30,298	4,086	31,645	32,350
	=====	=====	=====	=====
Net cash (used in)/provided by operating activities	(1,094)	5,616	(11,970)	72,877
	=====	=====	=====	=====

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated accounts (continued)

20 Related party transactions

During the year the subsidiary company, Transform Commercial Limited, had a mezzanine floor installed. Work was performed on this by Dellburn Transport Limited to the value of £4,391. Dellburn Transport Limited has a common director with Transform Community Development, Jim Pickett.

21 Reconciliation on adoption of FRS102

A reconciliation and description of the effect of the transition of FRS102 on (i) reserves at the date of transition for FRS102; (ii) reserves at the end of the comparative period; and (iii) net movement in funds for the comparative period reported under previous UK GAAP are given on the last page.

As the transition adjustments relate to inter-company balances between Transform Community Development and its wholly owned subsidiary, Transform Commercial Limited, no adjustment is required in respect of the consolidated accounts. All adjustments are in respect of the charity's own results.

**Transform Community Development
Company Limited by Guarantee**

Notes to the consolidated financial statements (continued)

21 Reconciliation on adoption of FRS 102 (continued)

Company	At 1 April 2014			At 31 March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Reconciliation of equity						
Fixed assets						
Tangible fixed assets	1,493,684	-	1,493,684	1,478,605	-	1,478,605
Investments	1	-	1	1	-	1
	<u>1,493,685</u>	<u>-</u>	<u>1,493,685</u>	<u>1,478,606</u>	<u>-</u>	<u>1,478,606</u>
Current assets						
Debtors	358,848	(197,968)	160,880	345,304	(225,397)	119,907
Bank and cash	294,066	-	294,066	320,411	-	320,411
	<u>652,914</u>	<u>(197,968)</u>	<u>454,946</u>	<u>665,715</u>	<u>(225,397)</u>	<u>440,318</u>
Creditors due within one year	<u>(308,836)</u>	<u>-</u>	<u>(308,836)</u>	<u>(135,655)</u>	<u>-</u>	<u>(135,655)</u>
Net current assets	<u>344,078</u>	<u>(197,968)</u>	<u>146,110</u>	<u>530,060</u>	<u>(225,397)</u>	<u>304,663</u>
Total assets less current liabilities	<u>1,837,763</u>	<u>(197,968)</u>	<u>1,639,795</u>	<u>2,008,666</u>	<u>(225,397)</u>	<u>1,783,269</u>
Creditors due in more than one year	<u>(140,350)</u>	<u>-</u>	<u>(140,350)</u>	<u>(309,298)</u>	<u>-</u>	<u>(309,298)</u>
Net assets	<u>1,697,413</u>	<u>(197,968)</u>	<u>1,499,445</u>	<u>1,699,368</u>	<u>(225,397)</u>	<u>1,473,971</u>
	=====	=====	=====	=====	=====	=====
Capital and reserves						
Unrestricted reserves	1,335,849	(197,968)	1,137,881	1,276,406	(225,397)	1,051,009
Restricted reserves	361,564	-	361,564	422,962	-	422,962
	<u>1,697,413</u>	<u>(197,968)</u>	<u>1,499,445</u>	<u>1,699,368</u>	<u>(225,397)</u>	<u>1,473,971</u>
	=====	=====	=====	=====	=====	=====

Company number SC097367

**Transform Community Development
Company Limited by Guarantee**

Notes to the financial statements (continued)

21 Reconciliation of net movement in funds for the year (continued)

	Year ended 31 March 2015		
	Previous UK GAAP	Effect of Transition	FRS 102
	£	£	£
Company			
Incoming resources			
Incoming resources	1,482,786	-	1,482,786
Resources expended			
Cost of generating funds	(41,566)	-	(41,566)
Charitable activities	(1,390,685)	(76,009)	(1,466,694)
Governance costs	(48,580)	48,580	-
	<u>(1,480,831)</u>	<u>(27,429)</u>	<u>(1,508,260)</u>
Net incoming/(outgoing) resources before transfers	1,955	(27,429)	(25,474)
Transfers between funds	-	-	-
Net movement in funds	<u>1,955</u> =====	<u>(27,429)</u> =====	<u>(25,474)</u> =====

Notes to reconciliation on adoption of FRS 102

On transition to FRS 102 the directors reviewed the valuation attributed to the inter-company debtor due to the charity's wholly owned subsidiary, Transform Commercial Limited.

A significant proportion of the debt due by Transform Commercial Limited at the comparative year end was considered to relate to costs incurred by the subsidiary when carrying out work of a charitable nature on behalf of the parent charity.

The effect of this was quantified at the date of transition and at the comparative year end, and the value attributed to charitable work was released from the inter-company debtor and recorded as charitable expenditure within Transform Community Development in both the comparative period and within reserves as at the date of transition.