Transform Community Development

Company Limited by Guarantee

Directors' report and consolidated accounts for the year ended 31 March 2017

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	Lindsay Dingwall 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

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 2017.

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 (FRS 102).

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.

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)
Lindsay Dingwall	(appointed 17 October 2017)
Ron Gabriel	
John McAllion	
Alasdair MacQueen	
Iain MacRae	
Kathleen Mansi	(appointed 27 January 2016)
Jim Pickett	
Tom Smith	(resigned 6 June 2016)
Ian Warnock	

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.

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 us again helping more than 1,000 people to move on in their lives and addressing many complex issues in the process. Our FareShare food redistribution project continues to contribute to the food poverty agenda by this year continuing to supply more than seventy organisations with food, and contributing to almost 400,000 meals across Tayside and Fife. The furniture project again assisted more than 500 individuals and families with furniture to help them move into their new homes.

Development and future activities

There are no new developments at this stage as we continue to consolidate our position in what have been difficult financial times.

Financial review

Sadly, once again as with previous years we are in a position of making a loss this year. One of the main issues we have encountered is a decline in homeless referrals resulting in a larger than expected number of vacancies in our units. The issue is being addressed with a review of service provision within the City and potential changes in service delivery. 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.

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.

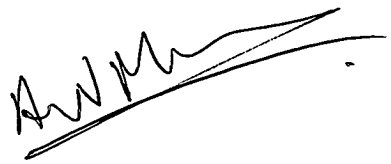
Reserves policy

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 2017 were negative £54,571 *(2016 – £42,769)*, 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 6 December 2017 and signed on its behalf by:



Alasdair MacQueen
Director

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.

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 2017 which comprise the consolidated statement of financial activities (incorporating the income and expenditure account), company and group balance sheets, company and group statements of cash flows, 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.

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 2017 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

6 December 2017

Transform Community Development
Company Limited by Guarantee

Consolidated statement of financial activities for the year ended 31 March 2017 (incorporating the income and expenditure account)

	Notes	Restricted funds £	Unrestricted Funds £	Total funds 2017 £	Total funds 2016 £
Income					
Fundraising		**40,791**	**-**	**40,791**	75,978
Grants, donations and legacies		**94,323**	**25,529**	**119,852**	126,849
		135,114	**25,529**	**160,643**	202,827
Income from other trading activities					
Investment income - group		**-**	**12,000**	**12,000**	15,000
Commercial trading operations		**-**	**189,629**	**189,629**	255,088
		-	**201,629**	**201,629**	207,036
Income from charitable activities:					
Support services - housing benefit		**-**	**366,743**	**366,743**	396,363
Supporting People		**-**	**748,822**	**748,822**	748,269
Transform House		**-**	**129,088**	**129,088**	66,077
		-	**1,244,653**	**1,244,653**	1,210,709
Group income (note 6)		**135,114**	**1,471,811**	**1,606,925**	1,620,572
Expenditure					
Costs of raising funds	8	**34,286**	**192,208**	**226,494**	294,797
Charitable activities:					
Accommodation services	8	**-**	**1,183,511**	**1,183,511**	1,110,230
Transform House	8	**108,888**	**136,768**	**245,656**	260,350
Homefinder	8	**-**	**-**	**-**	4,888
Support costs	8	**-**	**53,963**	**53,963**	51,826
Total expenditure		**143,174**	**1,566,450**	**1,709,624**	1,722,091
Group net expenditure:		**(8,060)**	**(94,639)**	**(102,699)**	(101,519)
Gross transfers between funds	14	**-**	**-**	**-**	-
Net movement of funds in year		**(8,060)**	**(94,639)**	**(102,699)**	(101,519)
Total funds brought forward		**429,791**	**904,700**	**1,334,491**	1,436,010
Total funds carried forward	14	**421,731**	**810,061**	**1,231,792**	1,334,491

All of the above activities relate to continuing operations.

The group's investment income comprises of rental income of £12,000 *(2016 - £15,000)*.

Transform Community Development
Company Limited by Guarantee

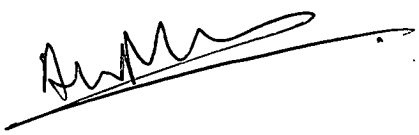
Company balance sheet as at 31 March 2017

	Note	£	2017 £	2016 £
Fixed assets				
Tangible assets	9		**1,399,945**	1,439,324
Investments	10		**1**	1
			1,399,946	1,439,325
Current assets				
Debtors	11	**192,492**		156,291
Cash at bank and in hand		**192,699**		280,561
		385,191		436,852
Creditors				
Amounts falling due within one year	12	**(213,669)**		(167,622)
Net current assets			**171,522**	269,230
Total assets less current liabilities			**1,571,468**	1,708,555
Creditors				
Amounts falling due after more than one year	13		**(275,043)**	(292,992)
Net assets			**1,296,425**	1,415,563
Funds				
Unrestricted	14		**724,694**	835,772
Unrestricted designated	14		**150,000**	150,000
			874,694	985,772
Restricted	14		**421,731**	429,791
Total charity funds			**1,296,425**	1,415,563

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 6 December 2017 and signed on their behalf by

Alasdair MacQueen
Director



The notes on pages 14 to 30 form part of these accounts.

Transform Community Development
Company Limited by Guarantee

Consolidated balance sheet as at 31 March 2017

	Note	£	2017 £	2016 £
Fixed assets				
Tangible assets	9		**1,418,494**	1,459,091
Current assets				
Debtors	11	**84,050**		39,555
Cash at bank and in hand		**225,097**		300,894
		309,147		340,449
Creditors				
Amounts falling due within one year	12	**(220,806)**		(172,057)
Net current assets			**88,341**	168,392
Total assets less current liabilities			**1,506,835**	1,627,483
Creditors				
Amounts falling due after more than one year	13		**(275,043)**	(292,992)
Net assets			**1,231,792**	1,334,491
Funds				
Unrestricted	14		**660,061**	754,700
Unrestricted designated	14		**150,000**	150,000
			810,061	904,700
Restricted	14		**421,731**	429,791
Total group funds			**1,231,792**	1,334,491

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 6 December 2017 and signed on their behalf by

Alasdair MacQueen
Director



The notes on pages 14 to 30 form part of these accounts.

Company statement of cash flows for the year ended 31 March 2017

	£	2017 £	£	2016 £
Cash used in operating activities (note 19)		**(61,873)**		(11,970)
Cash flows from investing activities				
Interest received	**3,358**		3,432	
Interest paid	**(12,398)**		(13,624)	
Payments to acquire tangible fixed assets	-		(1,704)	
Cash used in investing activities		**(9,040)**		(11,896)
		(70,913)		(23,866)
Cash flows from financing activities				
Loan repayments	**(16,949)**		(15,984)	
Cash used in financing activities		**(16,949)**		(15,984)
Decrease in cash and cash equivalents in the year		**(87,862)**		(39,850)
Cash and cash equivalents at the beginning of the year		**280,561**		320,411
Total cash and cash equivalents at the end of the year		**192,699**		280,561

Consolidated statement of cash flows for the year ended 31 March 2017

	£	2017 £	£	2016 £
Cash used in operating activities (note 19)		**(46,450)**		(1,094)
Cash flows from investing activities				
Interest paid	**(12,398)**		(13,624)	
Payments to acquire tangible fixed assets	-		(8,695)	
Cash used in investing activities		**(12,398)**		(22,319)
		(58,848)		(23,413)
Cash flows from financing activities				
Loan repayments	**(16,949)**		(15,984)	
Cash used in financing activities		**(16,949)**		(15,984)
Decrease in cash and cash equivalents in the year		**(75,797)**		(39,397)
Cash and cash equivalents at the beginning of the year		**300,894**		340,291
Total cash and cash equivalents at the end of the year		**225,097**		300,894

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

Company information

Transform Community Development is a company limited by guarantee incorporated in Scotland. The registered office is Transform House, 95 Douglas Street, Dundee, DD1 5AZ.

Basis of accounting

The financial statements are prepared under the historical cost convention and include the results of the operations of the company as indicated in the directors' report, all of which are continuing.

The financial statements have been prepared in accordance with applicable accounting standards and the 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 2016) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006.

Transform Community Development meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

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

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).

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.

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.

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 £54,056 *(2016 - £53,385)*. At 31 March 2017 there were no amounts outstanding *(2016 - £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.

Fixed asset investments

Fixed asset investments are included at cost.

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.

2 Accounting policies (continued)

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and cash held in a deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discount.

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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 Net expenditure

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
This is stated after charging:				
Depreciation	**39,597**	42,203	**38,379**	40,985
Capital grant release	**(13,164)**	(13,164)	**(13,164)**	(13,164)
Loss on sale of fixed assets	**1,000**	-	**1,000**	-
Auditors' remuneration - audit	**17,842**	16,020	**15,012**	13,350
Auditors' remuneration - taxation	**270**	335	**-**	-

4 Staff costs

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Wages and salaries	**943,509**	987,169	**854,394**	856,691
Social security costs	**69,283**	76,864	**65,622**	68,989
Other pension costs	**54,056**	53,385	**52,107**	49,200
	1,066,848	1,117,418	**972,123**	974,880
	No.	No.	**No.**	No.
The average monthly number of employees, excluding directors, was	**51**	52	**43**	40

One employee received remuneration in excess of £60,000 *(2016 – £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 £190,517 *(2016 - £189,867)*.

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:

	2017	2016
	£	£
Total income (excluding inter-company)	**1,383,010**	1,383,008
Inter-company income	**15,358**	15,432
Total expenditure on raising funds	**(35,294)**	(32,559)
Total expenditure on charitable activities (excluding inter-company)	**(1,480,030)**	(1,420,587)
Inter-company expenditure	**(2,182)**	(3,702)
Net expenditure	**(119,138)**	(58,408)
Total funds brought forward	**1,415,563**	1,473,971
Total funds carried forward	**1,296,425**	1,415,563
Represented by		
Unrestricted funds	**874,694**	985,772
Restricted funds	**421,731**	429,791
	1,296,425	1,415,563

6 Operating income

	Group		**Company**	
	2017	2016	**2017**	2016
	£	£	**£**	£
Grants, donations and legacies	**119,852**	126,849	**85,566**	81,321
Fundraising	**40,791**	75,978	**40,791**	75,978
Commercial trading operations	**189,629**	192,036	**-**	-
Charitable activities	**1,244,653**	1,210,709	**1,244,653**	1,210,709
Investment income	**12,000**	15,000	**27,358**	30,432
Total income	**1,606,925**	1,620,572	**1,398,368**	1,398,440

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.

	2017 £	2016 £
Turnover (excluding inter-company)	**189,629**	192,036
Inter-company income	**2,182**	3,702
Cost of sales	**(103,941)**	(151,007)
Administration costs (excluding inter-company)	**(90,359)**	(117,938)
Inter-company costs	**(12,000)**	(12,000)
Other income (restricted)	**34,286**	45,528
Inter-company interest paid	**(3,358)**	(3,432)
Net profit/(loss)	**16,439**	(43,111)
Amount gift aided to the charity	**-**	-
Retained in subsidiary	**16,439**	(43,111)
The assets and liabilities of the subsidiary were:		
Fixed assets	**18,549**	19,767
Current assets	**61,623**	44,941
Current liabilities	**(144,804)**	(145,779)
Total net liabilities	**(64,632)**	(81,071)
Aggregate share capital and reserves	**(64,632)**	(81,071)

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 Commercial Trading £	Unrestricted Commercial Trading £	Unrestricted Support costs incl governance costs £	Total 2017 £	Total 2016 £
Staff costs (note 4)	813,815	92,620	37,151	-	-	28,537	**972,123**	974,880
Fabric and repairs	56,718	-	624	-	-	-	**57,342**	41,046
Food and general household	-	3,104	1,239	-	-	-	**4,343**	14,512
Heat and light	78,357	-	15,752	-	-	3,937	**98,046**	89,141
Telephone	7,075	-	2,303	-	-	576	**9,954**	9,901
Subscriptions and training expenses	2,751	-	-	-	-	-	**2,751**	3,860
Postage, advertising and stationery	14,319	-	149	-	-	30	**14,498**	17,086
Rent, rates and insurance	195,879	-	15,287	-	-	-	**211,166**	159,915
Transport and motor expenses	6,090	-	26,964	-	-	-	**33,054**	36,270
Audit fees	-	-	-	-	-	18,112	**18,112**	16,355
Loan Interest	-	-	9,918	-	-	2,480	**12,398**	13,624
Depreciation	-	13,164	25,215	-	-	-	**38,379**	40,985
Professional fees	8,436	-	-	-	-	-	**8,436**	8,219
Bank charges	71	-	1,166	-	-	291	**1,528**	1,500
Loss on disposal	-	-	1,000	-	-	-	**1,000**	-
Carried forward	1,183,511	108,888	136,768	-	-	53,963	**1,483,130**	1,427,294

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 Commercial Trading £	Unrestricted Commercial Trading £	Unrestricted Support costs Inc Governance costs £	Total 2017 £	Total 2015 £
Brought forward	**1,183,511**	**108,888**	**136,768**	**-**	**-**	**53,963**	**1,483,130**	1,427,294
Cost of raising funds								
Food and general household	35,294	-	-	-	-	-	**35,294**	32,559
Commercial trading operations	-	-	-	34,286	156,914	-	**191,200**	262,238
	35,294	-	-	34,286	156,914	-	**226,494**	294,797
	1,218,805	108,888	136,768	34,286	156,914	53,963	**1,709,624**	1,722,091

9 Fixed tangible assets

Company	Land & buildings £	Vehicles £	Plant & machinery £	Total £
Cost				
At 31 March 2016	1,568,229	67,864	31,059	1,667,152
Disposals	-	(4,000)	-	(4,000)
At 31 March 2017	**1,568,229**	**63,864**	**31,059**	**1,663,152**
Depreciation				
At 31 March 2016	143,933	52,836	31,059	227,828
Charge for year	31,365	7,014	-	38,379
Disposals	-	(3,000)	-	(3,000)
At 31 March 2017	**175,298**	**56,850**	**31,059**	**263,207**
Net book value				
At 31 March 2017	**1,392,931**	**7,014**	**-**	**1,399,945**
At 31 March 2016	1,424,296	15,028	-	1,439,324

Group				
Cost				
At 31 March 2016	1,586,366	96,531	40,622	1,723,519
Disposals	-	(4,000)	-	(4,000)
At 31 March 2017	**1,586,366**	**92,531**	**40,622**	**1,719,519**
Depreciation				
At 31 March 2016	144,563	79,853	40,012	264,428
Charge for year	31,728	7,564	305	39,597
Disposals	-	(3,000)	-	(3,000)
At 31 March 2017	**176,291**	**84,417**	**40,317**	**301,025**
Net book value				
At 31 March 2017	**1,410,075**	**8,114**	**305**	**1,418,494**
At 31 March 2016	1,441,803	16,678	610	1,459,091

10 Fixed asset investments

Subsidiary

Transform Commercial Limited is a wholly owned subsidiary incorporated in Scotland. The profit for the year ended 31 March 2017 in Transform Commercial Limited is £16,439 *(2016 – loss* £43,111*)* and closing shareholders' funds are negative reserves totalling £64,632 *(2016 -* £81,071*)*.

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Shares in Transform Commercial Limited	**-**	-	**1**	1

11 Debtors

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Trade debtors	**10,690**	8,780	**-**	-
Local Authority – housing benefit	**5,128**	5,567	**5,128**	5,567
Other debtors	**68,232**	25,208	**49,697**	10,003
Due from subsidiary	**-**	-	**137,667**	140,721
	84,050	39,555	**192,492**	156,291

12 Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Trade creditors	**9,559**	14,836	**7,914**	15,459
Creditors and accruals	**174,051**	121,634	**169,022**	116,576
Loans	**17,878**	16,878	**17,878**	16,878
Other taxes and social security	**19,318**	18,709	**18,855**	18,709
	220,806	172,057	**213,669**	167,622

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Loans	**275,043**	292,992	**275,043**	292,992

Analysis of Loans

Group and Company

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

	2017	2016
	£	£
Bank Loan	**165,145**	175,588
Social Investment Scotland loan	**127,776**	134,282
	292,921	309,870
Included in current liabilities	**(17,878)**	(16,878)
	275,043	292,992

Loan maturity analysis

In less than one year	**17,878**	16,878
Between two and five years	**262,571**	271,296
In more than five years	**12,472**	21,696
	292,921	309,870

The above loans are made up of a £165,145 bank loan, a risk capital loan from Social Investment Scotland (SIS) of £75,000 and a term loan of £52,776 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.

Notes to the consolidated accounts (continued)

14 Funds (continued)

	Opening balance £	Income £	Expenditure £	Transfers in year £	Closing balance £
Company					
Unrestricted funds					
General	835,772	1,297,540	(1,408,618)	-	724,694
Brewery Lane designated reserve	150,000	-	-	-	150,000
Total unrestricted funds	**985,772**	**1,297,540**	**(1,408,618)**	-	**874,694**
Restricted funds					
Transform House projects	88,867	100,828	(95,724)	-	93,971
Parkmill capital grants	328,424	-	(6,914)	-	321,510
Transform House van	12,500	-	(6,250)	-	6,250
Total restricted funds	**429,791**	**100,828**	**(108,888)**	-	**421,731**
Total funds	**1,415,563**	**1,398,368**	**(1,517,506)**	-	**1,296,425**
Group					
Unrestricted funds					
General	754,700	1,471,811	(1,566,450)	-	660,061
Brewery Lane designated reserve	150,000	-	-	-	150,000
Total unrestricted funds	**904,700**	**1,471,811**	**(1,566,450)**	-	**810,061**
Restricted funds					
Transform House projects	88,867	100,828	(95,724)	-	93,971
Parkmill capital grants	328,424	-	(6,914)	-	321,510
Transform House Van	12,500	-	(6,250)	-	6,250
Transform Commercial Limited	-	34,286	(34,286)	-	-
Total restricted funds	**429,791**	**135,114**	**(143,174)**	-	**421,731**
Total funds	**1,334,491**	**1,606,925**	**(1,709,624)**	-	**1,231,792**

14 Funds (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 £88,867. The projects receiving restricted funding during the year were the Zero Waste project £40,791 *(2016 - £58,385)* and Fareshare towards development salaries £60,037 *(2016 - £70,146)*. At the year end the balance carried forward was £93,971.

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

During 2015 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.

Transform Commercial Limited received £34,286 to fund staff members under SCVO, all of which was expensed in the year.

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.

15 Analysis of net assets between funds

Company	Unrestricted reserves £	Designated reserves £	Restricted reserves £	Total £
Tangible fixed assets and investments	**1,072,186**	**-**	**327,760**	**1,399,946**
Net current (liabilities)/assets	**(72,449)**	**150,000**	**93,971**	**171,522**
Long term liabilities	**(275,043)**	**-**	**-**	**(275,043)**
	724,694	**150,000**	**421,731**	**1,296,425**
Group				
Tangible fixed assets and investments	**1,090,734**	**-**	**327,760**	**1,418,494**
Net current (liabilities)/assets	**(156,630)**	**150,000**	**93,971**	**88,341**
Long term liabilities	**(275,043)**	**-**	**-**	**(275,043)**
	660,061	**150,000**	**421,731**	**1,231,792**

16 Net interest received

	Group		Company	
	2017 £	2016 £	**2017** £	2016 £
Inter-company loan interest received	**-**	-	**3,358**	3,432

17 Capital commitments

At the year end there were no capital commitments.

18 Leasing commitments

At 31 March 2017 the group and charitable company had the following annual commitments under a non-cancellable operating lease:

	Land and buildings		Other	
	2017	2016	**2017**	2016
Company	**£**	£	**£**	£
Agreements expiring within 1 year	**23,950**	20,731	**1,692**	1,692
Agreements expiring within 2-5 years	**-**	-	**-**	-
Agreements expiring after more than 5 years	**-**	-	**-**	-
	======	======	**=====**	=====
Group				
Agreements expiring within 1 year	**72,950**	65,731	**1,692**	1,692
Agreements expiring within 2-5 years	**27,250**	105,000	**-**	-
Agreements expiring after more than 5 years	**-**	-	**-**	-
	======	======	**=====**	=====

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

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Net movement in funds	**(102,699)**	(101,519)	**(119,138)**	(58,408)
Adjustments for:				
Investment income	**-**	-	**(3,358)**	(3,432)
Financing costs	**12,398**	13,624	**12,398**	13,624
Loss on disposal	**1,000**	-	**1,000**	-
Depreciation	**39,597**	42,203	**38,379**	40,985
Increase in debtors	**(44,495)**	14,300	**(36,201)**	(36,384)
Increase in creditors	**47,749**	30,298	**45,047**	31,645
Net cash used in operating activities	**(46,450)**	(1,094)	**(61,873)**	(11,970)
	======	=====	**======**	=====

20 Related party transactions

There were no related party transactions during the year. Last year the subsidiary company, Tranform 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.