



BELL & COMPANY
CHARTERED ACCOUNTANTS

~ Registrar ~

CHURCHES ACTION FOR THE HOMELESS
(a company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

Charity Registration No. SC021740

Company Registration No. SC145621 (Scotland)



Moray House, 39 St John Street, Perth PH1 5HQ

Telephone: 01738 632081 Fax: 01738 630989

Email: admin@bellandcompany.co.uk Website: www.bellandcompany.co.uk

Partners: J.H. DEWAR C.A.; N.W. FRASER B.A, C.A.; R.M. HOWES M.A, F.C.A.; C. CARNEGIE F.C.A.



Registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants of Scotland

CHURCHES ACTION FOR THE HOMELESS

COMPANY INFORMATION

Management Committee	Walter Grant Buchanan Grant Alistair Milner Aida Grier Kirsten Miller	Chair
Chief Executive	Kath Critchley	
Finance Manager	Phil Duncan	
Human Resources & Service Standard Manager	Elaine Lamb	
Secretary	Kath Critchley	
Company number	SC145621	
Charity number	SC021740	
Registered office	Moray House 39 St John Street Perth PH1 5HQ	
Auditors	Bell & Company Moray House 39 St John Street Perth PH1 5HQ	
Business address	5 Back Wynd Bridgend Perth PH2 7DX	
Bankers	The Royal Bank of Scotland 12 Dunkeld Road Perth PH1 5RB Bank of Scotland 10-16 King Edward Street Perth PH1 5UT	
Solicitors	J & H Mitchell WS 51 Atholl Road Pitlochry Perthshire PH16 5BU	

CHURCHES ACTION FOR THE HOMELESS

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CHURCHES ACTION FOR THE HOMELESS

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2008

The Management Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, present their report and audited financial statements for the year ended 31 March 2008.

Objectives and activities

The charitable company's objects and principal activities are to relieve homelessness and poor housing, to improve the conditions of life and generally aid the development of persons who are homeless or who live in poor and sub-standard housing in Perth and Kinross council area and any other area agreed by the Management Committee.

CATH is a progressive local charity successful in achieving positive outcomes for homeless people and those at risk of becoming homeless. CATH has continued to be effective in responding to the needs of homeless people in Perth and Kinross. These services have been provided through our staff, volunteers and other support from Perth and Kinross Council, the Rough Sleepers Initiative, New Futures Initiative, and the many hundreds of other individuals, churches, organisations, businesses and trusts. The main activities in the period are shown under Achievements and performance.

Structure, governance and management

Governing document

Churches Action for The Homeless (CATH) is a private company limited by guarantee, incorporated on 27 July 1993 and registered as a charity on 17 August 1993. The company was established under a Memorandum and Articles of Association which established the objects and powers, and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1. The charity is regulated by the Office of the Scottish Charity Regulator.

The overarching procedure for election and appointment to the Management Committee is laid down in the Memorandum and Articles of Association. The steps below do not in any way interfere or alter this statutory procedure.

Organisational structure

CATH has a Management Committee of up to eleven members who meet six-weekly and are responsible for the strategic direction and policy of the charity. At present the Management Committee has five members from a variety of professional backgrounds relevant to the work of the charity. The Chief Executive and the minute secretary also sit on the Committee but have no voting rights.

A scheme of delegation is in place and day to day responsibility for the provision of the services rest with the Chief Executive along with the Finance, Human Resources & Service Standard and Service Managers. The Chief Executive is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. The Service Managers have responsibility for the day to day operational management of the charity's services, individual supervision of the staff teams and also ensuring that the teams continue to develop their skills and working practices in line with good practice.

CHURCHES ACTION FOR THE HOMELESS

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

Members of the Management Committee

Members of the Management Committee who served during the period and up to the date of this report were:

Brian Foley	(Resigned 25 October 2007)
John Angus	(Resigned 25 October 2007)
Mary Carroll MBE	(Resigned 1 May 2008)
Vivian Mason	(Resigned 1 May 2008)
John Flynn	(Resigned 25 October 2007)
Ruth Harris	(Resigned 1 May 2008)
William Lynch	(Appointed 1 May 2008, Resigned 8 May 2008)
George Stafford	(Re-Appointed 1 May 2008, Resigned 12 November 2008)
Walter Grant	
Linda Kennedy	(Resigned 8 May 2008)
Buchanan Grant	(Appointed 21 May 2008)
Alistair Milner	(Appointed 18 June 2008)
Aida Grier	(Appointed 23 July 2008)
Kirsten Miller	(Appointed 23 October 2008)

Responsibilities of the Management Committee

Company law and charity law requires the Management Committee to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company at the balance sheet date and of its incoming resources and application of resources, including income or expenditure, for that period. In preparing those financial statements, the Management Committee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue on that basis.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Management Committee is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Recruitment of new Management Committee members

The Management Committee may delegate responsibility for succession planning and recruitment to a sub-group, for example a nominations committee. The Management Committee agrees a role description for its members, analyses the skills, experience and diversity it has among its members and identifies what sort of skills and diversity it wants in its new members. The Management Committee reviews its retirement dates of current members in the light of the constitutional rules.

CHURCHES ACTION FOR THE HOMELESS

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

Recruitment of new Management Committee members (continued)

Once the recruitment process identifies some prospective members, they receive information about the role and responsibilities of a Management Committee member and the skills/experience and time needed. They also receive details of the recruitment process, meet the Chief Executive and a member of the nominations committee, as well as visit CATH services to meet staff and volunteers. Prospective members are given a description of CATH services, e.g. promotional leaflet, annual reports and accounts plus any other information not contained within the Management Committee Member Information Pack (July 2006). Potential members may also be offered the opportunity to observe a Management Committee meeting. The potential Management Committee member completes a Personal Information Form, which describes their interest in being a member. This form is considered by the nominations committee and a recommendation made to the Management Committee. The Management Committee discusses this and decides whether to invite the person to become a member. If yes, then they will be voted in as specified in the governing instrument. The induction process is then discussed and agreed between all involved. A 'mentor' Management Committee member is sometimes given the task of working through this with a new member.

Induction process

The induction process requires a clear and explicit process and good communication and is as follows:

- provides information about the organisation and the role of the Management Committee;
- establishes contact between the new Management Committee members and key people in the organisation - the other Management Committee members, staff and volunteers - through a programme of meetings;
- gives awareness of wider voluntary sector issues, both locally and nationally and the place of the organisation in that arena;
- identifies any further information, training or support, which the Management Committee member may need.

A timetable for induction activities is agreed with the new Management Committee member following attendance at their first Management Committee meeting. A review and monitoring process is described in the Management Committee Member Information Pack (March 2008).

Risk management

The organisation's internal control processes ensure that key risks are identified and managed. The risk that is most significant is that CATH is totally dependent on others for funding. Consequently all our work is at risk at any time. Nevertheless CATH has a good reputation for delivering a good service and therefore an attractive provider of services in this field. Also we continue to invest resources heavily in fundraising to enable some of our projects to continue and develop. We have a good record of attracting funders from a variety of sources and we need to build on that.

Some of our work is performed in difficult environments. It is essential to be able to demonstrate effective procedures for the management of the health and safety. Good safety procedures are important to protect staff, minimise consequential costs arising from accidents, control insurance expenses and safeguard the reputation of the organisation. In this instance we continue to engage the services of a qualified Health and Safety Consultant.

Notwithstanding the secured funding for a significant proportion of our work, failure to maintain costs at budgeted capacity may cause the funding to be inadequate to support the largely fixed cost base. Actual costs are monitored on a monthly basis to ensure that any income shortfalls are identified and acted upon as soon as possible.

CHURCHES ACTION FOR THE HOMELESS

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

Risk management (continued)

The Management Committee attach particular importance to the value of training for staff at all levels of the organisation. In addition to a formal induction programme for all staff, skills training is provided to enable staff to safely and efficiently undertake their duties and to ensure we meet our responsibilities legally and for our funders.

We have sufficient reserves to continue to fund our operations at the current funding levels. However this does not allow us to develop new services as a need is identified.

Achievements and performance

The main support areas provided by the charity are in Accommodation Projects (including Floating Support, CATH House and Tayview House) and Community Projects (including the Day Centre, FutureWORKS!, Adult Literacy, Youth Initiative and Outreach and the Rent Deposit Scheme).

Accommodation:

- Supported 153 people, helping 45 people to find a home and intensively supporting 62 people to keep their home.
- Successful Care Commission report.
- Worked closely with Perth & Kinross Council and Hillcrest Housing to maintain purpose built Tayview House in March 2007.
- Floating Support provided 145 hours per week of tenancy support to a wide cross section of people, supporting 63 people to access employment training or voluntary work.
- Continued to work closely with local housing associations and nominate service users for vacant tenancies.
- Joint working with FutureWORKS! project to enable CATH House service users to increase their employment skills.

Community:

- 15 people found paid employment through FutureWORKS! employability support project.
- 398 service users accessed the Day Centre using a total of 6,700 services.
- Collaborated with Perth & Kinross Council, Central Healthcare, Dialogue Youth and Youth Enquiry Service to promote "Think Again" pack aimed at preventing young people becoming homeless.
- Awarded the lease on the walled garden at Balhary, near Alyth, and began its restoration as a Victorian kitchen garden, offering learning opportunities for CATH service users and those of partner agencies.
- Began the planning of our second social enterprise, Balhary Preserves.
- Provided successful learning opportunities to 10 Social Care, Community Education and Social Work students.
- Continued to set up the emerging social enterprise TimberWORKS! based at FutureWORKS!. The aim is to generate sufficient open market sales to be able to employ service users at market rates.
- Supported 5 individuals with severe and multiple disadvantages in the workplace in learning about Bird of Prey Handling with two of these achieving a prestigious LANTRA Award.
- 96 individuals and families accessed private rented accommodation with support from the Rent Deposit Scheme, including 2 people previously rough sleeping.
- Outreach actively supported 109 people who were homeless, rough sleeping or at severe risk of homelessness.

CHURCHES ACTION FOR THE HOMELESS

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

Achievements and performance (continued)

Overall CATH:

- Provided almost 95,000 hours of support work to 770 vulnerable, disadvantaged and socially excluded men and women who accessed CATH services a total of 20,482 times.
- Helped 420 people to keep their home and helped 411 people to find a home.
- Achieved 8,107 positive outcomes and supported our service users in achieving 905 personal success milestones.
- 5 staff members successfully gained SVQ's including Promoting Independence, Care and Registered Managers Award.
- Raised awareness of homelessness through involvement in 62 promotional events.
- Achieved Level 1 in the PQASSO Quality Assurance system and further prepared for accreditation of the Investors in People Standard.

Financial review

The organisation continues to enhance the services already provided and with Tayview House being fully operational for the whole year, this has led to an increase in both income and expenditure for the period. The net outgoing resources for the year amounted to £30,997 (2007 outgoing £15,647) due to the utilisation of restricted funds received in the previous financial year to cover expenditure in the current financial year. The cessation of ESF funding in December also contributed to the net outgoing of resources as the level of service provision at New Futures was continued until the end of the financial year.

Principal funding sources

The principal funding sources are the Scottish Government via Perth & Kinross Council and European Social Fund.

Reserves policy

Our reserves policy is to maintain unrestricted funds of 2 months plus 20% of the operational costs not met through contracts or service level agreements. This is in addition to unrestricted funds relating to fixed assets.

Based on budgeted expenditure for 2008/09, the minimum unrestricted funds required is £225,000. A 2008/09 budget deficit for CATH overall of £45,000 will potentially require to be met from unrestricted funds unless additional monies are received. The unrestricted funds relating to tangible fixed assets at 31 March 2008 were £96,798. This results in a total figure of £366,798 of unrestricted funds being maintained for 2008/09.

The level of contingency reserves will be reviewed annually to ensure it matches CATH programmed service delivery and expenditure. Additional reviews will be undertaken if there are significant changes to programmed service delivery and expenditure during the year.

The Management Committee agreed that this reserves policy would enable CATH to meet its statutory obligations, ensure sufficient reserves are available to meet possible contingencies, be achievable and sustainable, and not be overly restrictive of possible future growth and investment.

Investment policy

The investment performance achieved has been in excess of budget due to our finances being invested in fixed term deposits and reviewed periodically to achieve the best possible rate of return at the same time as minimising our risk. The Management Committee consider the overall return to be satisfactory.

CHURCHES ACTION FOR THE HOMELESS

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

Plans for future periods

The organisation has successfully worked towards its strategy of "professionalism in specialist support activities" through its strategic themes of high tolerance, realistic support, innovation, learning and enterprise. The focus for the future will be on growing the organisation through creating efficiencies through commonality, investment in expansion, reducing dependency through innovation and recognising and rewarding 'smart working'.

The organisation has recognised that its dependency on Perth & Kinross Council service level agreements places it at greater risk, with 70% of the income coming from this one source. It is aiming in the next five years to reduce this dependency to 40%, with 30% of income coming from fundraising and grant funding from other sources and 30% of its income coming from trading activities, either through our social enterprises or through generating trading income in other areas. This does not mean that CATH will be reducing our service provision in any way, quite the opposite - maintaining and increasing current service delivery for Perth & Kinross Council whilst greatly increasing income from other means.

To this end, an Investing in Communities application has been submitted to the Big Lottery Fund for support in the building of a CATH FutureWORKS! Centre encompassing two vocational workshops, a catering kitchen, training rooms, serviced offices for rent and offices for CATH's Organisational Support Team and its social enterprises. If successful, the centre will enable CATH to expand its FutureWORKS! project as well as generate income through rental of the facilities to other local organisations and small businesses.

CATH is also seeking to invest in additional/alternative accommodation for CATH House, recognising that there may soon be restrictions on the number of people in shared rooms which will render the existing premises only capable of accommodating eight individuals rather than its current fourteen per night. By investing in fixed assets which immediately begin to recoup their cost, the organisation is developing greater financial security. In the current 'credit crunch' climate, the organisation envisages more people being unable to afford their housing costs and both unemployment and homelessness increasing in the area. Although the numbers of rough sleepers are currently in decline, this may be a temporary improvement and the organisation must be prepared for the effects of further economic difficulties.

Having spent time removing the operational barriers, the organisation is committed to much closer working between projects, particularly at the Ladeside, with a full programme of group working activities such as CharmWORKS! Jewellery making, CampaignWORKS! Discussion group, Stitchcraft Counts needlework and numeracy group and CookWORKS! already being popular amongst attendees. It is also anticipated that the volunteering opportunities in CATH will be enhanced and expanded to include befriending, training opportunities and qualifications for volunteers and vocational volunteering in the majority of CATH projects.

Auditors

Bell & Company were re-appointed as auditors of the charitable company during the period and have expressed their willingness to continue in that capacity.

Statement of disclosure to auditor

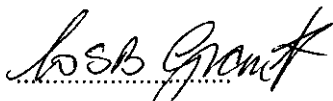
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

CHURCHES ACTION FOR THE HOMELESS

REPORT OF THE MANAGEMENT COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

This report has been prepared in accordance with the Statement of Recommended Practice : "Accounting and Reporting by Charities" issued in March 2005, and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Management Committee and signed on its behalf by:



Walter Grant

Director

15 December 2008

CHURCHES ACTION FOR THE HOMELESS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHURCHES ACTION FOR THE HOMELESS

We have audited the financial statements of Churches Action For The Homeless for the year ended 31 March 2008 set out on pages 10 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of Responsibilities of the Management Committee on page 2 the charitable company's Management Committee are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Management Committee is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Management Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

CHURCHES ACTION FOR THE HOMELESS

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF CHURCHES ACTION FOR THE HOMELESS

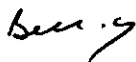
Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Management Committee is consistent with the financial statements.

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 17 to the financial statements concerning an investigation being carried out by the Office of the Scottish Charities Regulator (OSCR) into the use of the charity's funds in the period December 2007 to March 2008. The ultimate outcome of the matter cannot presently be determined, and no provision for any recoverable amounts that may result has been made in the financial statements.



Bell & Company

Chartered Accountants

Registered Auditor

15 December 2008

Moray House
39 St John Street
Perth
PH1 5HQ

CHURCHES ACTION FOR THE HOMELESS

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 Unrestricted £	2008 Restricted £	2008 Total £	2007 Total £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	27,477	-	27,477	18,555
Activities for generating funds		2,931	-	2,931	3,516
Investment income		26,098	-	26,098	23,775
Incoming resources from charitable activities	3	232,958	1,445,695	1,678,653	1,443,153
Total incoming resources		289,464	1,445,695	1,735,159	1,488,999
Resources expended					
Costs of generating funds:					
Fundraising trading: cost of goods sold and other costs		(1,859)	-	(1,859)	(1,284)
Charitable activities	4 & 5	(260,529)	(1,472,198)	(1,732,727)	(1,478,164)
Governance costs	5	(31,570)	-	(31,570)	(25,198)
Total resources expended		(293,958)	(1,472,198)	(1,766,156)	(1,504,646)
Net incoming / (outgoing) resources before transfers for the year	6	(4,494)	(26,503)	(30,997)	(15,647)
Transfers between funds	13	4,045	(4,045)	-	-
Fund balances at 1 April 2007		528,004	183,027	711,031	726,678
Fund balances at 31 March 2008	13	527,555	152,479	680,034	711,031

The statement of financial activities includes all gains and losses in the period. All incoming resources and resources expended derive from continuing activities.

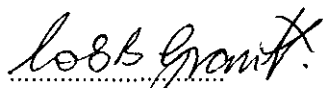
CHURCHES ACTION FOR THE HOMELESS

BALANCE SHEET AS AT 31 MARCH 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Tangible assets	8		232,240		242,923
Current assets					
Stocks		515		605	
Debtors	9	46,286		35,039	
Cash at bank and in hand		557,494		537,127	
		<u>604,295</u>		<u>572,771</u>	
Creditors: amounts falling due within one year	10	<u>(156,501)</u>		<u>(104,663)</u>	
Net current assets			447,794		468,108
Net assets			<u>680,034</u>		<u>711,031</u>
Funds					
Restricted funds	13		152,479		183,027
General funds	13		527,555		528,004
Total funds			<u>680,034</u>		<u>711,031</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Management Committee on 15 December 2008


Walter Grant
Director


Alistair Milner
Director

CHURCHES ACTION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with the Statement of Recommended Practice : "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and applicable accounting standards.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. The cost of minor additions or those costing below £500 are not capitalised. Fixed assets purchased as part of projects are not capitalised but are matched against the income to which they relate in the year they are purchased.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold buildings	2% & 3.5% of cost
Computers	25% on cost
Fixtures, fittings & equipment	15% on cost
Motor vehicles	25% on cost

It is the policy of the Management Committee not to capitalise second hand donated items.

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable in accordance with FRS 17.

1.7 Fund accounting

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specific purpose and are available as general funds.

Designated funds are unrestricted funds earmarked by the Management Committee for a particular purpose.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

CHURCHES ACTION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

(Continued)

1.8 Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expected in a future period.

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the period in which they are receivable.

Monetary donations are recognised as income as they are received. Income tax recoverable on covenanted donations and gift aid donations is accrued in the financial statements.

Donations in kind such as food and clothing are received at the day centre and noted. No value is placed on these items as they generally have little resale value and are distributed to attenders as soon as possible after receipt or used in the centre kitchen.

Investment income is included when receivable.

1.9 Resources expended

All expenditure is included on an accruals basis and includes attributable VAT which cannot be recovered, and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the charity's shop.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity, and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in note 5 to the financial statements.

2 Voluntary income

	2008 Unrestricted £	2008 Restricted £	2008 Total £	2007 Total £
CATH 500/gift aid donations including tax reclaim	7,417	-	7,417	10,240
Other donations	19,350	-	19,350	7,755
Membership	60	-	60	-
Bequests, legacies & trust income	650	-	650	560
	<u>27,477</u>	<u>-</u>	<u>27,477</u>	<u>18,555</u>

CHURCHES ACTION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

3 Incoming resources from charitable activities

	2008 Unrestricted £	2008 Restricted £	2008 Total £	2007 Total £
Accommodation Projects				
Perth & Kinross Council - grants	-	635,187	635,187	475,092
Perth & Kinross Council - contract	-	374,038	374,038	402,193
Housing benefit	168,134	-	168,134	95,902
Client rent contributions	24,066	-	24,066	17,882
Miscellaneous income	330	-	330	-
	<u>192,530</u>	<u>1,009,225</u>	<u>1,201,755</u>	<u>991,069</u>
Community Projects				
Perth & Kinross Council - contract	-	347,856	347,856	361,825
European Social Fund - grant	-	84,684	84,684	36,335
Organisations - contract	6,076	-	6,076	23,003
Organisations - grants	25,000	3,930	28,930	21,450
Kitchen & laundry donations	5,413	-	5,413	6,161
Vehicle income	610	-	610	50
Big Issue commission	2,597	-	2,597	3,260
Miscellaneous income	732	-	732	-
	<u>40,428</u>	<u>436,470</u>	<u>476,898</u>	<u>452,084</u>
Total	<u>232,958</u>	<u>1,445,695</u>	<u>1,678,653</u>	<u>1,443,153</u>

4 Analysis of charitable expenditure

	2008 Accommodation £	2008 Community £	2008 Total £	2007 Total £
Resources expended				
Salaries	773,957	286,323	1,060,280	883,303
Staff costs (travel, training, recruitment)	22,704	8,324	31,028	45,662
Property costs (rent, insurance, utilities)	127,363	27,002	154,365	99,222
Property maintenance	30,252	28,031	58,283	50,551
Food costs	16,311	7,020	23,331	16,948
Client support	23,651	19,493	43,144	32,632
General operating costs	24,368	18,700	43,068	39,387
Vehicle expenses	-	5,814	5,814	3,776
Special project costs	22,525	27,994	50,519	64,699
Gain on disposal of fixed assets	-	-	-	(1,000)
Depreciation	3,933	10,850	14,783	11,088
	<u>1,045,064</u>	<u>439,551</u>	<u>1,484,615</u>	<u>1,246,268</u>

CHURCHES ACTION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

5 Analysis of support for charitable activities

Support costs are generally allocated in line with turnover and/or usage (Accommodation 75%, Community 25%). In some instances, support costs are wholly attributed to a specific category.

	2008 Accommodation £	2008 Community £	2008 Governance £	2008 Total £	2007 Total £
Resources expended					
Salaries	131,588	81,020	15,540	228,148	209,136
IT costs	12,978	6,379	-	19,357	20,432
General operating costs	2,563	1,501	-	4,064	4,726
Audit fees	-	-	14,100	14,100	9,005
Insurance	-	-	1,880	1,880	1,748
Professional fees	8,983	2,442	50	11,475	11,710
Depreciation	476	182	-	658	337
	<u>156,588</u>	<u>91,524</u>	<u>31,570</u>	<u>279,682</u>	<u>257,094</u>

6 Net incoming / (outgoing) resources for the year

	2008 £	2007 £
This is stated after charging:		
Depreciation of tangible assets	15,441	11,425
Auditors' remuneration	<u>14,100</u>	<u>9,005</u>

7 Taxation

As a charity, CATH is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

CHURCHES ACTION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

8 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2007	269,212	67,665	336,877
Additions	-	4,758	4,758
At 31 March 2008	269,212	72,423	341,635
Depreciation			
At 1 April 2007	67,717	26,237	93,954
Charge for the year	6,470	8,971	15,441
At 31 March 2008	74,187	35,208	109,395
Net book value			
At 31 March 2008	195,025	37,215	232,240
At 31 March 2007	201,495	41,428	242,923

9 Debtors

	2008 £	2007 £
Income tax recoverable	1,851	1,206
Other debtors, prepayments and accrued income	44,435	33,833
	46,286	35,039

10 Creditors: amounts falling due within one year

	2008 £	2007 £
Perth & Kinross Council funds (see below)	46,616	47,157
Other creditors	109,885	57,506
	156,501	104,663

Perth & Kinross Council funds

These funds relates to monies received in advance of expenditure incurred. These monies are funds belonging to Perth & Kinross Council.

CHURCHES ACTION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

11 Pension costs

The total amount of contributions paid in the year is shown below:

Defined contribution

	2008 £	2007 £
Contributions payable by the company for the year	22,361	22,170

12 Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total £
Fund balances as at 31 March 2008 are represented by:				
Tangible fixed assets	59,834	36,964	135,442	232,240
Current assets	259,471	270,000	74,824	604,295
Creditors: amounts falling due in one year	(98,714)	-	(57,787)	(156,501)
	<u>220,591</u>	<u>306,964</u>	<u>152,479</u>	<u>680,034</u>

CHURCHES ACTION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

13 Movement in funds

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
Unrestricted funds:					
General funds	447,240	289,464	(245,400)	(270,713)	220,591
Designated funds:					
Minibus	12,734	-	(4,244)	-	8,490
Accommodation projects	49,724	-	(26,008)	-	23,716
Community projects	18,306	-	(18,306)	4,758	4,758
Contingency fund	-	-	-	270,000	270,000
	<u>528,004</u>	<u>289,464</u>	<u>(293,958)</u>	<u>4,045</u>	<u>527,555</u>

Purposes of designated funds

Minibus: This fund has been set aside by the Management Committee to cover future depreciation of the minibus acquired using unrestricted donations.

Accommodation projects: This fund is to provide services within accommodation projects.

Community projects: This fund is to provide services within community projects.

Contingency fund: This fund is explained in the reserves policy disclosure within the Report of the Management Committee.

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
Restricted funds:					
Capital replacement fund	143,748	-	(4,261)	(4,045)	135,442
Accommodation projects	1,674	1,009,225	(1,010,899)	-	-
Community projects	37,605	436,470	(457,038)	-	17,037
	<u>183,027</u>	<u>1,445,695</u>	<u>(1,472,198)</u>	<u>(4,045)</u>	<u>152,479</u>

Purposes of restricted funds

Capital replacement fund: This fund represents capital grants and donations received to fund the purchase of buildings for community projects. The balance on this fund reduces as these assets depreciate.

Accommodation projects: This fund represents grants and contract income received to cover future expenditure within accommodation projects.

Community projects: This fund represents grants and contract income received to cover future expenditure within community projects.

CHURCHES ACTION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

13 Movement in funds (continued)

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
Summary of funds:					
General funds	528,004	289,464	(293,958)	4,045	527,555
Restricted funds	183,027	1,445,695	(1,472,198)	(4,045)	152,479
Total funds	<u>711,031</u>	<u>1,735,159</u>	<u>(1,766,156)</u>	<u>-</u>	<u>680,034</u>

14 Financial commitments

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2008 £	2007 £
Expiry date:		
Between two and five years	-	20,000
In over five years	76,815	76,815
	<u>76,815</u>	<u>96,815</u>

15 Trustee remuneration and related party transactions

During the year no members of the Management Committee received any remuneration (2007 - none). Travel costs reimbursed to one (2007 - one) member of the Management Committee amounted to £1,685 (2007 - £120) in the year.

The cost of trustees' indemnity insurance to the charity amounted to £1,880 (2007 - £1,748) for the year.

There were no other transactions or contracts entered into by the charity in which any trustee or other person related to the charity had any personal interest in the year (2007 - nil).

CHURCHES ACTION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

16 Employee costs and numbers

Employment costs

	2008 £	2007 £
Wages and salaries	1,174,595	1,020,462
Social security costs	111,498	97,893
Other pension costs	22,361	22,170
	<u>1,308,454</u>	<u>1,140,525</u>

No employee received emoluments of more than £60,000.

Number of employees

The average number of employees during the period was as follows:

	2008 Number	2007 Number
Directors	-	-
Accommodation Projects - full time	36	33
Accommodation Projects - part time	6	5
Community Projects - full time	13	13
Community Projects - part time	3	2
	<u>58</u>	<u>53</u>

17 External investigation

There is an external investigation currently being conducted by the Office of the Scottish Charities Regulator (OSCR) owing to the actions of some or all of the former Trustees regarding the use of charity funds in payment of a Compromise Agreement to a former employee, and whether the Compromise Agreement itself was both appropriate and valid.

The OSCR investigation in to these events, actions and inactions began on 16 March 2008 and is ongoing. Any action to recover the funds in question, either by OSCR or by the charity, cannot be considered until the outcome of the investigation is known.

The funds involved have been recorded in the financial statements as follows:- £

Direct project salary costs	13,350
Professional fees (support costs)	5,670
	<u>19,020</u>