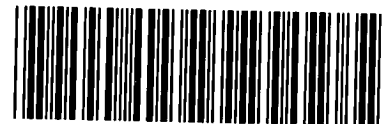




Annual report & financial statements for the year ended 31 March 2016

**Registered Charity No. SC021740
Company Registration No. SC145621**

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www.cath-org.co.uk



Report and financial statements
Year ended 31 March 2016

Charity Information

Management Committee

Martin Barnicoat	Chair
Margaret Jane Robertson	Vice Chair
Gemma Baillie	
Euan Hird	
Michael Westall	
Pauline Anderson	

Senior Management Team

Chief Executive

Brian Cowie

Finance Manager

Alison Adams

Human Resources & Compliance Manager

Elaine Lamb

Company number

SC145621

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

188 – 190 High Street
Perth
PH1 5PA

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



Report and financial statements
Year ended 31 March 2016

Charity Information (continued)

Investment Managers

Smith & Williamson
206 St. Vincent Street
Glasgow
G2 5SG



Report and financial statements
Year ended 31 March 2016

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Report of the Management Committee

for the year ended 31 March 2016

The Management Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, present their annual report and audited financial statements of the charity for the year ended 31 March 2016.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and 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).

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.

The organisation recognises the associated problems that homelessness presents, and works to alleviate those and help maintain and improve the quality of life of our beneficiaries. 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.

Organisational structure

CATH has a Management Committee of up to eleven members who meet bi-monthly and are responsible for the strategic direction and policy of the charity. At present the Management Committee has six members from a variety of professional backgrounds relevant to the work of the charity. The procedure for election and appointment to the Management Committee is laid down in the Memorandum and Articles of Association.

The induction process for committee members includes providing them with a copy of the latest annual report and financial statements, the Memorandum and Articles of Association, Governance of CATH and the latest Care Inspectorate inspection report. They are invited to spend time with the key people in the organisation to familiarise themselves with our activities and identify any requirements for further information, training or support.

The Management Committee are responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. A scheme of delegation is in place and day to day responsibility for the provision of the services rest with the Senior Management Team. The Project 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.



Report of the Management Committee (continued)

for the year ended 31 March 2016

Members of the Management Committee

Those who served during the period and up to the date of this report were:

Martin Barnicoat
Gemma Baillie
Moir Brown
Aida Grier
Euan Hird

Margaret Jane Robertson
Michael Westall
Pauline Anderson

Moir Brown resigned on 30 October 2015 and Aida Grier resigned on 25 August 2016
Pauline Anderson was appointed on 15 December 2015.

Responsibilities of the Management Committee

The Management Committee (who are directors for the purpose of company law and trustees for the purpose of charity law) are responsible for preparing the Report of the Management Committee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and accounting 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Management Committee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

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 proven reputation for delivering a good service and is therefore an attractive provider of services in this field. Also we continue to invest resources in fundraising to enable some of our projects to continue and develop and have sufficient reserves to continue to fund our operations at the current funding levels.

Some of our work is performed in difficult environments. It is essential to be able to demonstrate effective procedures for the management of 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.



Report of the Management Committee (continued)

for the year ended 31 March 2016

Pay policy for senior staff

The management committee consider the management committee and the senior management team as comprising the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses are disclosed in note 19 to the accounts.

The pay of the senior management team is reviewed annually and increased only in line with any increases in core funding.

Achievements and performance

The main support areas provided by the charity are in Accommodation Projects (CATH House and Floating Support) and Community Projects (Day Centre, Adult Literacy and Outreach), together with our Volunteer and Befriending programmes. In addition, the charity also operates a shop.

Accommodation

CATH House continues to offer support and accommodation to 16 males or females over the age of 16 years who are referred through PKC Homeless Advice Centre. Throughout the 12 month period, CATH House provided accommodation and support to 60 different individuals, some of whom returned more than once.

CATH House also continues to provide ad hoc "at the door support", to those who are deemed vulnerable and in need but are not accommodated within the hostel.

The joint working agreement with PKC Homeless Services led to over 60 referrals received by CATH House for accommodation along with the agreement enabling the dialogue between CATH staff and PKC to continue regarding the viability of offering certain individuals accommodated at CATH House a tenancy, when the potential for failure is high due to them being unable to live independently in the community.

Several students on placements at CATH House have successfully moved on to employment with CATH.

Throughout this reporting period, the Floating Support team have provided support on a weekly basis to 46 people in the Perth and Kinross area to maintain their tenancies and to develop their independent living skills. Through the support that has been provided, 6 individuals have successfully moved on to independent living, 2 are now giving back some of their time as a volunteer with CATH and 3 people receiving our support are in employment or training.

Funding was continued to provide tenancy support to secure and temporary tenancies at St. Catherine's Square. There are 54 tenancies in total, 42 of which are temporary and 12 secure. Throughout this reporting period, 69 people were provided with temporary accommodation in St. Catherine's Square and, of these, 43 people have been resettled in their own secure property with the support of the Floating Support team.

Floating Support continue to work with other supporting agencies to develop educational and social activities. At St. Catherine's Square a Health Academy was created with Floating Support, Central Health Care (CHC) and the Community Engagement team. This was a 6 week course designed for tenants to take notice of and promote their own health and wellbeing. This was very successful and had maximum attendance each week. Due to demand a further course was held later in the year with the same high attendance.

Community

CATH Day Centre provided a community base for 337 individuals requiring support (275 males and 62 females). A part-time cook, volunteers and staff provided breakfasts and lunches on a daily basis, with over 5,800 meals provided throughout the year. Staff supported 36 service users who were experiencing fuel poverty to apply for grants and as a result, 28 people were successful and received grants.



Report of the Management Committee (continued)

for the year ended 31 March 2016

Community (continued)

The drop in services, run in partnership with other agencies, continued at the Day Centre. These included Citizens Advice Bureau, Central Healthcare Team, Community Optician and Community Dentist.

Adult literacy and ESOL classes engaged with 148 individuals during the year. CATH continue to work in partnership with the Homeless Voice Association to deliver the Boxing Training project. Over 48 individuals participated in fitness training and 5 participants completed a six-week ASDAN course.

The CATH Outreach team, based at the Day Centre, provided support for over 62 individuals, including those in their own tenancies and those who continue to sleep rough. Staff supported 36 people in moving to new tenancies by providing donations of carpets, furniture and white goods to assist the tenant in resettling into the community. This was achieved through a grant from the Annie Unwin Trust and from donations of good quality goods from the public and churches throughout Perth & Kinross.

CATH

CATH Charity Shop had another good year, full of changes and challenges. Sunday opening was trialled for the first time in November. This got off to a successful start and continues to contribute strongly to the weekly sales. The shop continued to provide opportunities for work placements, service users and volunteers.

The shop window for the Perth Festival of Arts was a real team effort and created lots of interest from our customers. In August we created a window emphasising that many of the items donated 'make a house a home', reinforcing the work that CATH does. We also linked this window with becoming Sainsbury's Local Charity for another year.

In the run up to Christmas we were joined by a group from Perth High School working towards their Duke of Edinburgh Award. The group had designed and produced cards and calendars to sell and raise funds for CATH. We invited them in to the shop for the day of the Perth Christmas lights switch on and they created a display of our Christmas jumpers that was a sell-out.

The shop has started on the Revolve accreditation scheme. This is designed to raise standards in reuse shops. We started the process with a Health and Safety audit which was a really useful exercise, ensuring that the shop meets the high standards of the Revolve scheme, and we came out with a very healthy report.

The contribution of many hours and hard work by all of our volunteers enables CATH to provide a high standard of service.

- Charity shop volunteers contributed 2,924 hours, creating a welcoming atmosphere and contributing to a busy shop which is one of the most popular to visit.
- Our Day Centre volunteers contributed 943 hours, working hard in the kitchen and providing a variety of meals for our service users.
- CATH Volunteer Befrienders – 338 hours has seen befriender matches participating in a variety of social activities.
- Christmas Day and New Year volunteers contributed around 30 hours preparing, cooking and serving lunches, doing quizzes and giving out presents, which was greatly appreciated by all in attendance.

Our volunteers are of all ages, backgrounds and volunteer with CATH for a variety of reasons. Throughout the year, 4,582 hours of volunteering were provided to the organisation. Through our regular Volunteer Get Together and Volunteer events we show our appreciation and recognise the value, hard work and support that our volunteers provide CATH.



Report of the Management Committee (continued)

for the year ended 31 March 2016

CATH (continued)

CATH started working in partnership with TCA (Tayside Council on Alcohol) on a new project; Collaborative Routes to Recovery, funded by the ICF identifying and addressing barriers to support and progress for those hardest to reach with multiple and complex needs.

Financial review

The organisation's core work continues to operate with funding being agreed on a yearly basis. The level of funding received from our principal funder is unchanged from the previous year. The income from the CATH Charity Shop has increased and additional funding for the Collaborative Routes to Recovery project was received, however there was additional trust income of £21,000 in the previous year which has not been replicated this year and income from housing benefit and client rent contributions has dropped, resulting in an overall small decrease in income when compared with the previous year.

Salary costs increased due to agreed internal secondments, allowing a staff member to develop the new five year strategic plan for the organisation.

A net loss on investments of £8,900 contributed towards a deficit for the year of (£11,265) (2015 – surplus £37,367). Total funds are £643,327 (2015 - £654,592), made up of general funds of £499,643 (2015 - £498,825) and restricted funds of £143,684 (2015 - £155,767). General funds are reduced by a pension deficit liability of £18,585 (2015 - £13,883).

We have managed to maintain our funding levels for 2016/17 from our principal funding source and some funding for CATH Befrienders has been secured for another year, together with another year's funding from Homeless Voice Association for the Boxing Project. These funds, together with those within designated funds, will enable us to maintain our current level of support provided and give opportunities of enhancing the support in certain areas.

Principal funding sources

The principal funding sources are the Scottish Government via Perth & Kinross Council.

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 2016/17, the minimum unrestricted funds required is £280,000. The unrestricted funds relating to tangible fixed assets at 31 March 2016 were £42,798. This results in a total figure of £322,798 of unrestricted funds being maintained for 2016/17.

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.



Report of the Management Committee (continued)

for the year ended 31 March 2016

Investment policy

With interest rates continuing at an historic low, we have moved some funds to be managed by a professional investment manager. Whilst this has improved our investment performance, we have ensured any risk in the portfolio is kept to a minimum and thus 50% of the current portfolio is invested in UK Government securities.

Plans for future periods

The CATH structure which has been in place for the past 25 years and which has evolved over time to meet changing needs, will from 2017 require to undergo a radical redesign.

Whereas in the past changing numbers and new and emerging issues have driven change, the economic climate will be the driver of the most significant changes that we will see in the future.

At the core of this change lies a new model which redefines the allocation of housing by largely bypassing temporary accommodation and moving service users directly into secure tenancies; this will be combined with the elimination of block funding and the introduction of purchased/commissioned services.

Effectively the 'Home First' model, originating in America and Canada, will challenge and override the traditional allocation of accommodation which placed service users in temporary accommodation until secure/permanent housing became available and which allowed for the support of individuals to achieve levels of competency, indicating their ability to sustain a tenancy.

The local authority now believe that the Home First model, combined with intense support, will offer the best solution to current housing issues.

The future will see a decreasing need for temporary/hostel type accommodation but a sharp increase in the need for intense tenancy support services.

On the plus side, it is well documented and accepted that CATH can offer the best and most comprehensive tenancy support provision which helps to prolong and sustain the tenancies which might otherwise be at risk and involve the local authority in financial loss.

We currently await the results of the housing services and support review and their findings carried out by Perth & Kinross Council on all agencies which will be communicated to CATH late November/early December 2016 and will inform on the future shape of CATH.

Auditors

In accordance with the charitable company's articles, a resolution proposing that Bell & Company be reappointed as auditors of the charitable company will be put at a General Meeting.

Statement of disclosure to auditor

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

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

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

A handwritten signature in black ink, appearing to read 'Martin Barnicoat', is written over a horizontal line.

Martin Barnicoat
Director

7th October 2016

CHURCHES ACTION FOR THE HOMELESS

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES AND 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 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their presentation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustees 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 charitable company's members and its trustees 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 charitable company, the charitable company's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Responsibilities of the Management Committee Statement set out on page 2, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standard on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 financial statements. In addition, we read all the financial and non-financial information in the Report of the Management Committee to identify material inconsistencies with the audited financial statements and to identify any information that is apparently 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- have been prepared in accordance with requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 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 Management Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.

CHURCHES ACTION FOR THE HOMELESS

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES AND MEMBERS OF CHURCHES ACTION FOR THE HOMELESS

Matters on which we are required to report on 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 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Management Committee and take advantage of the smaller companies exemption from the requirement to prepare a strategic report.



Keith Alexander BA CA (Senior Statutory Auditor)
for and on behalf of Bell & Company

7 October 2016

Chartered Accountants
Statutory Auditor

Moray House
39 St John Street
Perth
PH1 5HQ

Bell & Company is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of Financial Activities (Including Income & Expenditure Account)

for the year ended 31 March 2016

	Notes	2016 Unrestricted £	2016 Restricted £	2016 Total £	2015 Total £
Income from:					
Donations and legacies	2	21,109	-	21,109	46,933
Other trading activities	3	107,147	-	107,147	98,743
<i>Charitable activities</i>					
Accommodation and community projects	4	15,383	851,762	867,145	854,187
Investments		3,995	-	3,995	3,591
Total income		147,634	851,762	999,396	1,003,454
Expenditure on:					
Raising funds	5	(78,305)	-	(78,305)	(74,741)
Investment management		(101)	-	(101)	(106)
<i>Charitable activities</i>					
Accommodation and community projects	6	(59,510)	(863,845)	(923,355)	(897,899)
Total expenditure		(137,916)	(863,845)	(1,001,761)	(972,746)
Net gains/(losses) on investments	11	(8,900)	-	(8,900)	6,659
Net income/(expenditure)	8	818	(12,083)	(11,265)	37,367
Transfers between funds	17	-	-	-	-
Other recognised gains/(losses)		-	-	-	-
Net movement in funds		818	(12,083)	(11,265)	37,367
Reconciliation of funds:					
Fund balances at 1 April 2015		498,825	155,767	654,592	617,225
Fund balances at 31 March 2016	17	499,643	143,684	643,327	654,592

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



Balance Sheet

as at 31 March 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	10	144,152		149,735	
Investments	11	103,135		112,362	
		<u>247,287</u>		<u>262,097</u>	
Current assets					
Stocks		640		628	
Debtors	12	19,469		14,574	
Cash at bank and in hand		532,315		455,443	
		<u>552,424</u>		<u>470,645</u>	
Creditors: amounts falling due within one year	13	(137,799)		(64,267)	
Net current assets		<u>414,625</u>		<u>406,378</u>	
Total assets less current liabilities		<u>661,912</u>		<u>668,475</u>	
Pension deficit liability	14	(18,585)		(13,883)	
Net assets		<u><u>643,327</u></u>		<u><u>654,592</u></u>	
Funds					
Restricted funds	17	143,684		155,767	
General funds		518,228		512,708	
Less: Pension deficit liability		(18,585)		(13,883)	
	17	<u>499,643</u>		<u>498,825</u>	
		<u><u>643,327</u></u>		<u><u>654,592</u></u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The notes at pages 12 to 28 form part of these accounts.

Approved by the Management Committee for issue on 7 October 2016

Martin Barnicoat
Director

Margaret Jane Robertson
Director

Company Registration No. SC145621

Statement of Cash Flows

for year ending 31 March 2016

	Notes	Total Funds 2016 £	Prior Year 2015 £
Net cash used in operating activities	22	73,732	12,196
Cash flows from investing activities:			
Interest and dividends		3,995	3,591
Purchase of furniture and equipment		(1,183)	-
Proceeds from sale of investments		11,320	-
Purchase of investments		(10,992)	(11,695)
Net cash provided by investing activities		3,140	(8,104)
Cash flows from financing activities:			
Net cash used in financing activities		-	-
Change in cash and cash equivalents in the year		76,872	4,092
Cash and cash equivalents at the beginning of the reporting period		455,443	451,351
Cash and cash equivalents at the end of the reporting period		532,315	455,443

Notes to the Financial Statements

1 Accounting policies

1.1 Basis of preparation

The financial statements are 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 to 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.

Churches Action for the Homeless 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 accounts are prepared in sterling which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Company information

Churches Action for the Homeless is a charitable company registered in Scotland and limited by guarantee. The charity is governed by the Directors, who are Trustees for the purpose of Charity Law, under its Memorandum and Articles of Association. The registered office is Moray House, 39 St John Street, Perth, PH1 5HQ.

1.3 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the management committee have considered whether, in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, a restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from pension deficit funding obligations, a liability was recognised. The liability recognised at the date of transition is the net present value of the future pension deficit reduction payments.

In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

Reconciliation of funds and balances

	1 April 2014 £	31 March 2015 £
Fund balances as previously stated	631,775	668,475
Net present value of future pension deficit reduction payments	(14,550)	(13,883)
Fund balances as restated	617,225	654,592

Notes to the Financial Statements (continued)

1.3 Reconciliation with previous Generally Accepted Accounting Practice (continued)

In accordance with the requirements of FRS 102 a reconciliation of net income/(expenditure) for the year is provided. Income/(expenditure) has been adjusted for the presentation of investment gains/(losses) as a component of reported income, and for expenses relating to pension deficit.

Reconciliation of reported net income	31 March 2015 £
Net income/(expenditure) as previously stated	30,041
Adjustment for gains/(losses) on investments now treated as a component of net income	6,659
Adjustments for pension deficit provision:	
Interest expense	(386)
Remeasurements	(573)
Deficit contributions paid	1,626
Net income as restated	<u>37,367</u>

1.4 Preparation of the accounts on a going concern basis

The majority of the charity's income comes from the Scottish Government through the Local Authority. This funding has been received on an annual basis. There is a move from the Local Authority to move on to commissioning services from 2017-18.

CATH has been in regular contact and involved in positive discussions with the Local Authority and has been reviewing services and the commissioning processes. In addition, CATH has been looking at other longer term funding sources and is carrying out a restructuring of operations.

The management committee consider that the charity is in a position to continue as a going concern.

1.5 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	Over remaining leasehold term
Computers	25% on cost
Fixtures, fittings & equipment	25% on cost
Motor vehicles	25% on cost

1.6 Operating leases

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

Notes to the Financial Statements (continued)

1.7 Fixed asset investments

Fixed asset investments are stated at market value.

1.8 Stock

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

1.9 Pensions

Employees of the charity are entitled to join The Pensions Trust Scheme. The Pensions Trust scheme is a multi-employer defined benefit scheme. The management committee is unable to obtain sufficient information to identify the charity's share of the underlying assets and liabilities of the scheme and therefore the scheme is accounted for as a defined contribution scheme.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

In order to comply with auto-enrolment requirements, since 1 January 2016, new and existing employees who are not in The Pensions Trust scheme were automatically enrolled into a scheme operated by Creative Pensions Trust unless they exercised their right to opt out of scheme membership.

1.10 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.

1.11 Income

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

It is impractical to measure reliably the fair value of donated items for resale in the charity shop. This is due to the volume of low value items and the cost implications of introducing a detailed stock control system. Donated items for resale are recognised in the financial statements when they are sold and the income is included within 'Income from other trading activities'.

Investment income is included when receivable.

Notes to the Financial Statements (continued)

1.12 Expenditure and irrecoverable VAT

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 notes 5 and 6 to the financial statements.

1.13 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.14 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 Creditors and provisions

Creditors and provisions are recognised where the charity 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 discounts due.

Notes to the Financial Statements (continued)

2 Donations and legacies

	2016 Unrestricted £	2016 Restricted £	2016 Total £	2015 Total £
CATH 500/gift aid donations including tax reclaim	10,767	-	10,767	11,671
Other donations	9,132	-	9,132	7,819
Membership	10	-	10	30
Bequests, legacies & trust income	1,200	-	1,200	27,413
	<u>21,109</u>	<u>-</u>	<u>21,109</u>	<u>46,933</u>

The organisation benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in our annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

3 Trading activities

	2016 Unrestricted £	2016 Restricted £	2016 Total £	2015 Total £
Shop income	104,934	-	104,934	96,291
Fundraising	2,213	-	2,213	2,452
	<u>107,147</u>	<u>-</u>	<u>107,147</u>	<u>98,743</u>

Notes to the Financial Statements (continued)

4 Incoming resources from charitable activities

	2016 Unrestricted £	2016 Restricted £	2016 Total £	2015 Total £
Accommodation Projects				
Perth & Kinross Council - contract	-	384,528	384,528	385,465
Organisations - grants	-	-	-	300
Housing Benefit	-	119,470	119,470	130,468
Client rent contributions	-	17,314	17,314	19,876
Management fee	1,761	-	1,761	-
Miscellaneous income	1	-	1	5
	<u>1,762</u>	<u>521,312</u>	<u>523,074</u>	<u>536,114</u>
Community Projects				
Perth & Kinross Council - contract	-	228,185	228,185	232,503
Organisations - grants	-	102,265	102,265	72,374
Rental income	6,750	-	6,750	6,500
Kitchen and laundry donations	3,623	-	3,623	3,109
Big Issue commission	918	-	918	768
Miscellaneous income	2,330	-	2,330	2,819
	<u>13,621</u>	<u>330,450</u>	<u>344,071</u>	<u>318,073</u>
Total	<u>15,383</u>	<u>851,762</u>	<u>867,145</u>	<u>854,187</u>

5 Costs of raising funds

	2016 Charity Shop £	2016 Community £	2016 Total £	2015 Total £
Salaries	36,933	-	36,933	29,942
Staff costs	360	-	360	598
Property costs	30,306	-	30,306	27,766
Property maintenance	2,478	-	2,478	7,266
General operating costs	4,877	875	5,752	6,730
Support costs	2,476	-	2,476	2,439
	<u>77,430</u>	<u>875</u>	<u>78,305</u>	<u>74,741</u>

Notes to the Financial Statements (continued)

6 Analysis of charitable expenditure

	2016 Accommodation £	2016 Community £	2016 Total £	2015 Total £
Resources expended				
Salaries	366,836	233,078	599,914	575,609
Staff costs (travel, training, recruitment)	10,299	11,778	22,077	23,212
Property costs (rent, insurance, utilities)	46,848	18,889	65,737	63,182
Property maintenance	10,345	10,295	20,640	36,032
Food costs	9,209	7,242	16,451	21,351
Client support	1,637	4,162	5,799	7,030
General operating costs	13,947	20,683	34,630	34,492
Depreciation	296	6,470	6,766	6,470
Support costs (see note 7)	65,624	40,552	106,176	104,269
	<u>525,041</u>	<u>353,149</u>	<u>878,190</u>	<u>871,647</u>
Governance costs				
Salaries	23,012	15,339	38,351	19,654
Insurance	611	407	1,018	1,018
Audit fees	4,385	1,411	5,796	5,580
	<u>28,008</u>	<u>17,157</u>	<u>45,165</u>	<u>26,252</u>
Total	<u>553,049</u>	<u>370,306</u>	<u>923,355</u>	<u>897,899</u>

7 Analysis of support for charitable activities

Support costs are generally allocated in line with turnover and/or usage (Accommodation 60%, Community 40%). In some instances, support costs are wholly attributed to a specific category.

	2016 Accommodation £	2016 Community £	2016 Total £	2015 Total £
Resources expended				
Salaries	54,076	28,201	82,277	79,167
IT costs	7,974	9,279	17,253	16,576
General operating costs	947	851	1,798	1,973
Professional fees	2,627	2,221	4,848	6,553
	<u>65,624</u>	<u>40,552</u>	<u>106,176</u>	<u>104,269</u>

Notes to the Financial Statements (continued)

8 Net income/(expenditure) for the year	2016	2015
	£	£
This is stated after charging:		
Depreciation of tangible assets	6,766	6,470
Auditor's remuneration	6,310	6,216

9 Taxation

As a charitable company, CATH is exempt from tax on income and gains falling within section 478 of the Corporation Tax Act 2010 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.

10 Tangible fixed assets

	Land and buildings	Plant and machinery	Total
	£	£	£
Cost			
At 1 April 2015	273,176	15,672	288,848
Additions	-	1,183	1,183
Disposals	-	-	-
At 31 March 2016	273,176	16,855	290,031
Depreciation			
At 1 April 2015	123,441	15,672	139,113
On disposals	-	-	-
Charge for the year	6,470	296	6,766
At 31 March 2016	129,911	15,968	145,879
Net book value			
At 31 March 2016	143,265	887	144,152
At 31 March 2015	149,735	-	149,735

Notes to the Financial Statements (continued)

11 Fixed Asset Investments

Listed investments

	2016 £	2015 £
Market value at 1 April 2015	112,362	94,008
Additions	10,993	11,695
Disposals	(11,320)	-
Net gain/(loss) on revaluation	(8,900)	6,659
Market value at 31 March 2016	<u>103,135</u>	<u>112,362</u>

Investment holdings

	2016 £	2015 £
UK (Govt) 2.5% Index Linked 17/07/24	25,193	25,416
UK (Govt) 1.25% Indx Linked 22/11/27	26,734	26,829
UK (Govt) 4.25% Treasury Stock 2032	2,659	2,662
City of London Inv Trust	16,218	17,380
Murray International Trust	-	14,294
Murray Income Trust	2,103	2,389
Temple Bar Inv Trust	3,175	3,666
Henderson Far East Income Ltd	13,371	16,186
Foreign & Colonial Inv Trust	3,472	3,540
Marlborough Fund Managers Multi Cap	10,210	-
	<u>103,135</u>	<u>112,362</u>

12 Debtors

	2016 £	2015 £
Trade debtors	2,855	2,392
Income tax recoverable	1,760	1,534
VAT recoverable	274	914
Other debtors, prepayments and accrued income	14,580	9,734
	<u>19,469</u>	<u>14,574</u>

Notes to the Financial Statements (continued)

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Perth & Kinross Council funds (see below)	89,085	20,325
Other creditors	48,714	43,942
	<u>137,799</u>	<u>64,267</u>

Perth & Kinross Council funds

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

14 Pension deficit liability

	2016 £	2015 £
Pension deficit funding obligation	<u>18,585</u>	<u>13,883</u>

15 Pension

Churches Action for The Homeless (CATH) participates in the Pension Trust's Growth Plan (the Scheme).

CATH participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Notes to the Financial Statements (continued)

15 Pension (continued)

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

	£13.9m per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2013 to 31 March 2023:	

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
--	--

From 1 April 2016 to 30 September 2028	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)
--	--

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Notes to the Financial Statements (continued)

15 Pension costs (continued)

Present values of provision	31 March 2016 £	31 March 2015 £	31 March 2014 £
Present value of provision	<u>18,585</u>	<u>13,883</u>	<u>14,550</u>

Reconciliation of opening and closing provisions

	Period ending 31 March 2016 £	Period ending 31 March 2015 £
Provision at start of period	13,883	14,550
Unwinding of the discount factor (interest expense)	227	386
Deficit contribution paid	(1,675)	(1,626)
Remeasurement - impact of any change in assumptions	(290)	573
Remeasurements - amendments to the contribution schedule	<u>6,440</u>	<u>-</u>
Provision at end of period	<u><u>18,585</u></u>	<u><u>13,883</u></u>

Income and expenditure impact

	Period ending 31 March 2016 £	Period ending 31 March 2015 £
Interest expense	227	386
Remeasurements - impact of any change in assumption	(290)	573
Remeasurements - amendments to the contribution schedule	<u>6,440</u>	<u>-</u>
Costs recognised in income and expenditure account	<u><u>6,377</u></u>	<u><u>959</u></u>

Assumptions	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	<u>2.07</u>	<u>1.74</u>	<u>2.82</u>

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Notes to the Financial Statements (continued)

16 Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total £
Fund balances as at 31 March 2016 are represented by:				
Tangible fixed assets	42,798	-	101,354	144,152
Investments	103,135	-	-	103,135
Current assets	57,690	363,319	131,415	552,424
Creditors: amounts falling due in one year	(48,714)	-	(89,085)	(137,799)
Pension deficit liability	(18,585)	-	-	(18,585)
	<u>136,324</u>	<u>363,319</u>	<u>143,684</u>	<u>643,327</u>

17 Movement in funds

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
Unrestricted funds:					
General funds	164,052	147,634	(145,362)	(30,000)	136,324
Designated funds:					
Buildings	20,657	-	(1,179)	-	19,478
Client Welfare	8,709	-	-	-	8,709
Contingency fund	250,000	-	-	30,000	280,000
Development	30,000	-	-	-	30,000
IT/IS	10,407	-	(275)	-	10,132
Vehicles	15,000	-	-	-	15,000
	<u>498,825</u>	<u>147,634</u>	<u>(146,816)</u>	<u>-</u>	<u>499,643</u>

Purposes of designated funds

Buildings:	This fund is necessary to provide for any cost that may arise in connection with any significant repairs, maintenance or upgrading of the buildings or their facilities for which the organisation is responsible.
Client Welfare:	This fund is to provide our service user group with opportunities to access specific projects to improve the quality of their lives.
Contingency fund:	This fund is explained in the reserves policy disclosure within the Report of the Management Committee.

Notes to the Financial Statements (continued)

17 Movement in funds (continued)

Purposes of designated funds (continued)

Development:	This fund allows the expansion of the organisation's activities where consistent with the aims of the charity.
IT/IS:	This fund is to provide efficient and effective administration processes as required by regulatory authorities and to the ultimate benefit of the client group.
Vehicles:	This fund is for the provision of transport to enable additional services for the benefit of the client group.

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
Restricted funds:					
Capital replacement fund	105,615	-	(4,261)	-	101,354
Accommodation projects					
- PKC grants	-	384,528	(384,528)	-	-
- Housing Benefit	-	119,470	(119,470)	-	-
- Other Accommodation projects	1,303	17,314	(17,314)	-	1,303
Community projects					
- PKC contract	-	228,185	(228,185)	-	-
- Other Community projects	48,849	102,265	(110,087)	-	41,027
	<u>155,767</u>	<u>851,762</u>	<u>(863,845)</u>	<u>-</u>	<u>143,684</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 and includes: - Perth & Kinross Council grants which fund support work at CATH House and Floating Support. - Perth & Kinross Council contract funding for CATH House. - Housing Benefit received for residents at CATH House.
Community projects:	This fund represents grants and contract income received to cover future expenditure within community projects and includes: - Perth & Kinross Council contract funding for Day Centre and Outreach.

Notes to the Financial Statements (continued)

17 Movement in funds (continued)

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
Summary of funds:					
General funds	498,825	147,634	(146,816)	-	499,643
Restricted funds	155,767	851,762	(863,845)	-	143,684
	<u>654,592</u>	<u>999,396</u>	<u>(1,010,661)</u>	<u>-</u>	<u>643,327</u>

18 Lease commitments

At 31 March 2016 the company had annual commitments under non-cancellable leases as follows:

	Land and buildings	
	2016	2015
	£	£
Expiry date:		
Not later than one year	60,900	60,100
Later than one year and not later than five years	16,800	16,800
Later than five years	63,600	67,800
	<u>141,300</u>	<u>144,700</u>

19 Trustees remuneration and related party transactions

During the year no members of the Management Committee received any remuneration (2015 - none). Travel costs reimbursed to three (2015 - three) members of the Management Committee amounted to £481 (2015 - £210) in the year.

The cost of trustees' indemnity insurance to the charity amounted to £1,018 (2015 - £1,018) 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 (2015 - nil).

Notes to the Financial Statements (continued)

20 Employee costs and numbers

Employment costs

	2016 £	2015 £
Wages and salaries	694,697	649,372
Social security costs	49,665	46,322
Other pension costs	13,112	9,346
	<u>757,474</u>	<u>705,040</u>

No employee received emoluments of more than £60,000 (2015 - nil).

Number of employees

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

	2016 Number	2015 Number
Directors	-	-
Accommodation Projects - full time	13	13
Accommodation Projects - part time	12	11
Community Projects - full time	7	6
Community Projects - part time	12	13
	<u>44</u>	<u>43</u>

The key management personnel of Churches Action for the Homeless comprise the management committee and the senior management team - the Chief Executive, Finance Manager and HR & Compliance Manager. The total employee benefits of the key management personnel of the charity were £90,907 (2015 - £96,418).

21 Control

The charitable company is controlled by the directors.



Notes to the Financial Statements (continued)

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

	2016 £	2015 £
Net movement in funds	(11,265)	37,367
Add back depreciation charge	6,765	6,470
Add back/(deduct) losses/(gains) on investments	8,900	(6,659)
Deduct interest income shown in investing activities	(3,995)	(3,591)
Decrease/(increase) in stock	(12)	578
Decrease/(increase) in debtors	(4,895)	8,696
Increase/(decrease) in creditors	78,234	(30,665)
	<u>73,732</u>	<u>12,196</u>