

SOFA
ANNUAL REPORT
AND
FINANCIAL STATEMENTS

For the Year Ended
31 March 2012

Company Registration Number: 02587766
Registered Charity Number: 1002980

SOFA
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SOFA

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012

The Board of Trustees presents its report and the audited financial statements for the year ended 31 March 2012.

Chairpersons Annual Report

In these times of austerity the value of any charitable organisation needs to be measured by the benefit provided to the community it serves. The difficulty has always been how to measure this benefit. The three key objectives of SOFA are relieving distress by providing affordable furniture to those in need, offering support and training to those looking to improve their employment opportunities and saving a significant amount of furniture and other goods from being sent to landfill.

It will be no surprise to report that we have been less successful than previous years in placing our volunteers into full time work. I think everyone accepts that the economic situation has made it more challenging for the unemployed to find work. It becomes even more important for SOFA to continue to support those who want to find work by offering them a real working environment which maintains their involvement with employment, develops their skills, preserves their self esteem and provides them with an up to date reference.

However, we can ascertain a notional monetary value to the actual volunteering carried out at SOFA by using the minimum wage and the numbers of hours worked which equates to over £80,000 in this financial year. Our relief of distress is a more easily identified benefit as we provided discounted sales to 807 individuals in need, referred to us following assessment by our accredited referral agencies. The third aspect of our work resulted in a very creditable 84.1 tonnes of goods being diverted from landfill.

My hope is that the true benefit of the work of SOFA is measured by our impact on those we help. Having recently spoken to a number of customers it became clear what an important effect SOFA has had on their lives. The ability to access discounted furniture through our referral scheme at a time of significant need without getting into long term debt enables many to set up a family home which is sustainable. The sympathetic and supportive nature of their experience at SOFA was also of noteworthy importance to them and marked out the additional value that a charitable organisation can provide.

Just how valuable is the experience of volunteering at SOFA to the individual? We have lots of positive feedback, but this year gave us a real insight into our purpose when the family of one of our volunteers who sadly died decided to ask for donations in lieu of flowers and gave the proceedings to SOFA. The volunteer's sister-in-law described SOFA as being one of his best experiences and said that his family felt that SOFA did more for him than anywhere else.

One of the real challenges for SOFA in the coming year is to diversify our income sources to protect against fluctuations in income while maintaining our core services. One of the ways that we have identified is to add value to some of the goods donated, so we are now searching for a new group of volunteers who can share their painting, renovating and craft skills.

As Chairperson I would like to take this opportunity to thank the people of Leicestershire who maintain our work through their financial support via the County Council and their donation of goods. I would also give my thanks to the volunteers who provide the core of our human resources and to my fellow trustees who give up their time to offer their expertise in the good governance of the charity. Finally to our small staff group I say thank you for your commitment, support and time which is so essential to the impact that SOFA makes.

Brian Granger

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REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2012
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REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name: SOFA
Charity Registration Number: 1002980
Company Registration Number: 02587766

Board of Trustees/Directors

Brian Granger
Chris Muris
Val Brooke
Jane Hopper
Ellie Lowe
Fadhil Hassoun
Brian Tetley
Julio Pacheco (to 30 November 2011)
Jane Marriott (from 18 January 2012)

Company Secretary and Chief Executive

Jane Hammond

Staff

Suzanne Holland	-Volunteer Supervisor
Stewart Turner	-Electrical Tester
Gill Ford	-Saturday Sales
Linda Urquhart	-Finance Administrator
Charles Moodie	-Cleaner
Tony Warren	-Warehouse/Vehicle Supervisor
Alex Ellis	-Customer Service Administrator (to 29 September 2011)
Julio Pacheco	-Administration Supervisor (from 23 November 2011)

Registered Office and Operational Address

Towles Building, Clarence Street, Loughborough, Leicestershire, LE11 1DY

Auditors

Smith Emmerson Audit Limited, Ash Tree Court, Nottingham Business Park, Nottingham, NG8 6PY.

Bankers

NatWest Bank Plc, 92 Queens Road, Leicester, LE2 1SY.

The Co-operative Bank PLC, Business Customer Service Centre, PO Box 250, Delf House, Skelmersdale, WN8 6WT.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The organisation is a charitable company limited by guarantee. The company was established under a Memorandum of Association that established the objects and powers of the charitable company 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.

Recruitment and Appointment of Trustees

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Board of Trustees. Under the requirements of the Memorandum and Articles of Association the members of the Board of Trustees are elected annually at the AGM by the existing members of SOFA. All members are able to nominate one trustee to the board.

The Trustees acknowledge that the recruitment, selection and subsequent induction of new Trustees are an opportunity to improve the effectiveness of SOFA. Recruitment of Trustees will be focused on those with the right skills and experience from a wide range of ages and experience and social and economic backgrounds.

Trustee Induction and Training

Trustees are provided with sufficient information to ensure that they understand the charitable purposes of SOFA, the current financial position and the key current issues. New Trustees will be given the governing document, most recent accounts and recent minutes of Trustee meetings. Resources will be made available to meet training needs of Trustees.

Risk Management

The Trustees actively review the major risks that the charity faces and formulate a reserves policy that would enable the charity to have sufficient resources in the event of adverse conditions.

The charity prepares an annual budget and strategic plan. Performance against budget is monitored by regular management reporting. A system of internal financial control is in place to govern day-to-day financial transactions.

The charity has in place appropriate policies of insurance to manage insurable risks.

Organisational Structure

The Board of Trustees is elected annually by members of SOFA at the Annual General Meeting. Nominations can be put forward by any member for appointment to the Board of Trustees. The Trustees act as directors of SOFA. The Chief Executive is responsible for the day to day organisation and delivery of services.

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REPORT OF THE BOARD OF TRUSTEES
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OBJECTIVES AND ACTIVITIES

The charitable objectives for which the company is established are stated in the memorandum of association. The objects continued to be to relieve either generally or individually, persons resident in the City of Leicester and contiguous area (Area of Benefit) who are in conditions of need, hardship or distress arising therefrom by:

1. The provision of furniture and other household accessories calculated to reduce the need, hardship or distress of such persons; and
2. The provision of vocational training, support and work experience for unemployed persons who volunteer at SOFA.

To meet the charitable objectives the company operates a furniture reuse service targeted to clients on low income. The company also offers training, support and work experience to volunteers of SOFA. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our objectives and planned future activities.

ACHIEVEMENTS AND PERFORMANCE

Staff

Staffing remained largely consistent over the year, with one member of staff leaving in September 2011 after 4 years service to go to University. This position was replaced by an Administration Supervisor post, and a former volunteer and volunteer representative on SOFA's Trustee Board was appointed in November 2011.

Volunteers

A total of 65 volunteers worked with us for varying hours and over varying periods in 2011-2012. We began the year with 33 volunteers and went on to recruit and train a further 32 during the course of the year which is slightly down on previous years.

A snapshot in January 2012 showed that we had 36 Active Volunteers attending for 264 hours per week. The value of services provided by this number of volunteers is calculated to be in the region of £80,256 (13200 hours over 50 weeks at minimum wage of £6.08).

During the course of the year 8 volunteers moved into employment – down by half compared to the previous year. We aim to increase the number of volunteers who leave the project for paid employment but recognise that this is difficult to achieve in the current economic climate. As unemployment times lengthen volunteering with SOFA can help ensure that individuals maintain a “working outlook” that can be demonstrated to potential employers:

“I feel I fit in at SOFA even though I have a disability. I've been out of work for over a year but have just got a new part-time job after an interview. A member of staff at SOFA helped me write a covering letter and get together the relevant paperwork to apply for the post. I couldn't believe it when I got the job and feel very excited. I hope to carry on volunteering if I can.”

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(Continued)

We work directly with people who tend to be socially excluded from mainstream education and employment, for example long-term unemployed people, disabled people, people with learning difficulties and/or mental health issues. Working in the office and warehouse, or going out on the van can help people to overcome depression and gain in confidence:

“I am long term unemployed and on a learning curve in several areas. Assisting at SOFA has a positive effect on my outlook.”

One volunteer was awarded an NVQ Level 3 in Business Administration. In the absence of funding to support further NVQ courses, we have focussed on improving our in-house training by introducing DVD courses for Health and Safety Updates and by streamlining our initial induction course.

A summer coach trip to West Midlands Safari Park and a Christmas meal were enjoyed by 30+ volunteers and staff on each occasion.

We were awarded a Partnership for Employment Award by the RNIB College Loughborough for the third year running for “an outstanding contribution to the employment of people with disabilities.”

Several volunteers were in need of significant moral support at the start of the year for a variety of issues including depression, debt and money worries. As well as devoting 1:1 time to individuals we hosted speakers from Clockwise Credit Union and local advice service Enquire attended by 7 volunteers.

Our Volunteer Counsellor left in June after 2 years service to have a baby. Initial efforts to replace her were unsuccessful and we decided to instead to refer volunteers in need of counselling to other local agencies.

We received £400 in donations from the family and friends of a former volunteer who passed away on June 10th 2011. Family members felt SOFA “had done more for him than anywhere else” and described his involvement as being “one of his best experiences.”

Referred Customers and Referral Agencies

A total of 807 sales (61%) were made to people who had been referred to us as being in genuine need of reduced price furniture.

Although anyone can shop with us our key charitable aim is to relieve poverty by supplying individuals and households in need with furniture, white goods and other household items at affordable prices. We operate a scheme that enables agencies to refer people on low income or in need who can then buy from us at a discount for 12 months.

We support homeless households, people being resettled from hostels, hospitals and prisons, refugees and new migrants, people fleeing domestic violence and other vulnerable people, and contribute to improved security and well-being of individuals and families:

“I was homeless when I returned to England. My 15 year old daughter was in care. You managed to deliver basic furniture and beds to our empty flat on the same day without any hassle at all, and this meant my daughter and I could feel settled more quickly.”

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As in previous years we continued to receive customer referrals from a number of key local agencies, most notably Charnwood Neighbourhood Housing and The Bridge Project, a charity that offers support and advice to homeless and vulnerably housed people in Charnwood. Other agencies which refer regularly include Children and Young People's Services, Social Care and Health, Charnwood Independent Youth Action, Health Visitors, Housing Associations, Human Rights and Equalities Charnwood, Citizen's Advice, Enquire and Sure Start.

Sales to the General Public

A total of 507 sales (39%) were made to the general public at higher than discount, but still very reasonable prices, with income from these sales being used to further our charitable aims. We ran a successful stall at a Charity Fair in Loughborough Market Place at the end of November 2011 and handed out publicity to hundreds of people.

Donations and Diversion from Landfill

We supported 1048 households by collecting 3174 unwanted items, and over the course of the year we diverted 84.1 tonnes of furniture and electrical appliances from landfill, an increase of 8 tonnes from last year.

Improvements to Service and Operational Systems

During the course of the year:

- We introduced a regular in-house newsletter for volunteers and staff, designed by a volunteer
- We increased core staff hours to improve the flexibility of our service
- We changed our opening times in January to a more logical pattern of Tuesday – Saturday opening
- We improved the Reception Area for customers by installing new windows and better seating (re-used!), and also upgraded fire doors in our building
- We reviewed and fully updated job descriptions for three staff members who supervise volunteers; Terms and Conditions documents for all staff; Safeguarding Policy and Procedure; Volunteer Handbook; agency referral forms and information
- We invested in new external signage and business cards using our new logo
- We started to trade in office furniture as an “add-on” to our main operation following the receipt of large volume donations of business waste from Leicestershire County Council and Dunelm Mill
- We provided furniture and household items on behalf of all Leicestershire Furniture Re-use Projects for a series of installations run by Leicestershire County Council to promote re-use entitled Rooms in Strange Places

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Unforeseen Circumstances

As in previous years we have faced a number of vehicle and building-related challenges, all admirably dealt with by our patient and resilient staff:

- The catalytic convertor was stolen from our newest van at the end of June. We managed to continue the collections and delivery service, despite considerable expense and inconvenience, as the van was off the road for a week
- Our building failed a 5 yearly Electrical Test and Inspection. As well as work needed to ensure compliance we decided to replace lighting in our showroom area to save on future energy costs and improve the area for customers

Corporate Volunteering and Corporate Support

We had a new logo designed by Jenni Taylor from printing.com Leicester. We were put in touch after approaching Leicestershire Cares Pro-Help for support in redesigning our marketing materials. Pro-Help is a scheme that links businesses with charities to provide 15 hours of free professional support.

We continued to benefit from bulky waste items collected by Serco on behalf of Charnwood Borough Council.

Organisations that Support Us

Our thanks go to the following agencies, organisations and individuals that have supported us during the course of the year:

- Leicestershire County Council Adults and Communities
- Leicestershire County Council Waste Management
- Charnwood Borough Council Environmental Services
- Furniture Re-use Network
- Serco
- RNIB College
- Karen-Marie Morris, Volunteer Counsellor
- Leicestershire Fire and Rescue Service
- Dunelm Mill
- Leicester Reggae Band Red Stripe who performed in aid of SOFA on June 11th 2011
- Leicestershire Cares Pro-Help
- printing.com Leicester Jenni Taylor and Jason King

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FINANCIAL REVIEW

The Statement of Financial Activities for the year shows a surplus of £10,167 (2011: £14,371).

Total Incoming Resources in the year increased to £158,558 (2011: £155,660).

The Balance Sheet shows that SOFA has total funds of £149,457, of which £12,579 is invested in tangible fixed assets and £15,000 is designated for asset improvement. At 31 March 2012 there were no restricted fund balances so the actual free reserves of SOFA stood at £121,878.

Relationships and Principal Funding Sources

The Organisation mainly works in partnership with the Leicestershire County Council which is the main funder of the Charity. SOFA also works with other partners, including housing associations and advice agencies in pursuit of our objects.

Investment Policy

Under the Memorandum and Articles of Association, SOFA (as a charity) has the power to invest in any way the Trustees see fit. However, SOFA has little in the way of funds for long term investment, and therefore has no investments of this kind. SOFA operates an interest earning deposit account in which it holds the majority of its free reserves, however little is earned by way of interest in the current economic climate.

Reserves Policy

The Trustees have considered the requirement for free reserves (which are those unrestricted funds not invested in tangible assets or designated for specific purposes or otherwise committed).

The Trustees consider that reserves at a level of between three and six months of the unrestricted resources expended would provide an appropriate cushion against fluctuations in income and would enable SOFA to continue with its current activities whilst deploying a refocused business plan**.

The financial cost of the actions described above is satisfied by the current level of free reserves as at 31 March 2012 which amount to £121,878.

However, it is the intention of SOFA to designate £50,000 of the free reserves to asset improvement in the financial year 2012-2013 in order to implement the business plan, made up as follows: Replace one van (£25k), repair lift in case of fault (£17.5k), update/ replace IT equipment, photocopier and software (£7.5k)

The Trustees will reassess the reserves policy on an annual basis.

Footnote **The business plan for the operational aspects of the organisation is to increase our own self-generated income from the sale of furniture and electrical items. In the current economic climate our intention is to maintain our prices at affordable levels, and to continue to seek ways of operating more efficiently and effectively. There continue to be a number of difficult external factors in the current economic climate, which affect many charities and voluntary organisations, but also our partners from the public sector. However, as well as continuing to provide affordable furniture, we are confident that with our skilled and committed staff team, we will also continue to provide much needed, high quality and supported volunteering opportunities.

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PLANS FOR FUTURE PERIODS

In the coming year we aim to:

- continue to explore and develop other ways of generating income that are compatible with our charitable aims and furniture re-use
- develop ways of “upcycling” some of the goods donated in order to maximise their value, through painting and renovating
- improve our efficiency by reviewing and improving our customer and donor database
- recruit a treasurer, update role descriptions and produce a handbook for all Trustees
- audit all management systems and operational guidance with a view to achieving a recognised quality standard eg PQASSO
- work with other local Furniture Re-use Projects to plan and deliver a Seminar on the Future of Re-use in Leicestershire with the purpose of increasing local understanding of the current waste market and considering opportunities available for increased income generation and partnership working
- build on our market stall success

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

Charity and company law requires the Board of Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year.

In preparing those financial statements, the Board of Trustees should follow best practice and:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis.

The Board of Trustees is responsible for maintaining proper 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 2006. The Board of Trustees is also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MEMBERS OF THE BOARD OF TRUSTEES

Members of the Board of Trustees, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 3.

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In accordance with company law, as the company's directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- As the directors the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

A resolution to re-appoint Smith Emmerson Audit Limited as auditor for the ensuing year will be proposed at the Annual General Meeting.

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 2006 relating to small companies.

Approved by the Board of Trustees on 14th December 2012 and signed on its behalf by:

..... **B D Granger (Chair of Trustees)**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOFA

We have audited the financial statements of SOFA for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charitable company's members as a body, in accordance with Section 235 of the Companies Act 2006. 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 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 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 TRUSTEES AND AUDITORS

The trustees' (who are also the directors of SOFA for the purposes of company law) responsibilities for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 2006. We also report to you whether in our opinion the information given in the Report of the Board of Trustees is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity 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 trustees' remuneration and other transactions is not disclosed.

We read the Report of the Board of Trustees 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 International Standards on Auditing (UK and Ireland) 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 trustees 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available to Small Entities, in the circumstances set out in note thirteen to the financial statements.

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 2012 and of its incoming resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Board of Trustees is consistent with the financial statements.

Smith Emmerson Audit Limited
Chartered Accountants and Registered Auditors
Ash Tree Court
Nottingham Business Park
Nottingham
NG8 6PY

14 December 2012

SOFA

**STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account) FOR
THE YEAR ENDED 31 MARCH 2012**

	<u>Note</u>	<u>Total Funds</u> <u>2012</u> £	<u>Total Funds</u> <u>2011</u> £
INCOMING RESOURCES			
Incoming Resources from Generated Funds :			
<i>Investment Income</i>		162	127
Incoming resources from Charitable Activities :			
<i>Service Level Agreements</i>	2	99,530	99,530
<i>Sales Revenues</i>	2	50,244	36,316
<i>Sundry Income</i>	2	8,622	19,687
Total Incoming Resources		158,558	155,660
RESOURCES EXPENDED			
Costs of generating funds		9,010	8,372
Charitable activities		117,944	112,351
Governance costs		21,437	20,566
Total Resources Expended	3	148,391	141,289
Net Incoming Resources		10,167	14,371
Transfers between Funds		-	-
Net movement on Funds		10,167	14,371
Total funds brought forward		139,290	124,919
Total funds carried forward		149,457	139,290

The notes on pages 15 to 20 form part of these financial statements.

All of the charity's funds are of an unrestricted nature.

SOFA

BALANCE SHEET AS AT 31 MARCH 2012

	<u>Note</u>	<u>2012</u> £	<u>2011</u> £
Fixed Assets	7	12,579	15,945
Current Assets			
Debtors	8	16,741	14,235
Cash at bank and in hand		136,754	123,010
		<u>153,495</u>	<u>137,245</u>
Creditors			
Amounts falling due within one year	9	(16,617)	(13,900)
Net Current Assets		<u>136,878</u>	<u>123,345</u>
Net Assets		<u>149,457</u>	<u>139,290</u>
Funds			
Restricted		-	-
General	11	149,457	139,290
Total Funds		<u>149,457</u>	<u>139,290</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board of Trustees on 14 December 2012 and signed on its behalf by:

..... **B D Granger (Chair of Trustees)**

The notes on pages 15 to 20 form part of these financial statements.

SOFA

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Financial Reporting Standard for Smaller Entities (effective June 2008) and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005.

(b) Fund Accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Board of Trustees for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

(c) 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. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of donations and grants and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.
- The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES (Continued)

(d) Resources Expended

Expenditure is recognised on an accruals basis as a liability is incurred.

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of fundraising purposes.
- Charitable activities expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.
- 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 to reflect the use of the resource. Costs relating to a particular activity are allocated directly. The resources expended in the operation of the Charity's central services system and central office which cannot be directly allocated are apportioned between the expenditure categories on the basis of the estimated amount of staff time involved in each activity.

(e) Fixed Assets

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

Item	%	Basis
Fixtures and equipment	20	Straight line
Motor vehicles	20	Reducing balance

All fixed assets costing £500 and over are capitalised and initially recorded at cost.

Donated assets are brought in at their second hand value at the date of receipt.

(f) Pensions

The charitable company participates in a defined contribution pension scheme for the benefit of the employees, the regular costs of which are expended in the Statement of Financial Activities as and when incurred.

(g) Leases

All leases are regarded as operating leases and payments made under them are expended in the Statement of Financial Activities over the term of the lease.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Total Funds 2012 £	Total Funds 2011 £
Service Level Agreements		
Leicestershire County Council	<u>99,530</u>	<u>99,530</u>
Sales Revenue		
Furniture sales	<u>50,244</u>	<u>36,316</u>
Sundry Income		
Miscellaneous income	<u>8,622</u>	<u>19,687</u>

3. TOTAL RESOURCES EXPENDED

	Staff Costs £	Other Costs £	Depreciation £	Total 2012 £	Total 2011 £
Charitable Activities					
<i>Direct Costs</i>					
Staff Costs	35,755	-	-	35,755	36,641
Premises costs	-	26,327	169	26,496	20,491
Expenditure on projects	-	12,960	2,060	15,020	16,234
	<u>35,755</u>	<u>39,287</u>	<u>2,229</u>	<u>77,271</u>	<u>73,366</u>
<i>Support Costs</i>					
Staff Costs	21,453	-	-	21,453	21,984
Premises Costs	-	12,189	78	12,267	9,486
Expenditure on Projects	-	6,000	953	6,953	7,515
	<u>57,208</u>	<u>57,476</u>	<u>3,260</u>	<u>117,944</u>	<u>112,351</u>
Costs of Generating Funds					
Staff Costs	2,860	-	-	2,860	2,931
Premises Costs	-	3,900	25	3,925	3,036
Other Costs	-	1,920	305	2,225	2,405
	<u>2,860</u>	<u>5,820</u>	<u>330</u>	<u>9,010</u>	<u>8,372</u>
Governance					
Staff Costs	11,442	-	-	11,442	11,725
Premises Costs	-	6,338	41	6,379	4,933
Other Costs	-	3,120	496	3,616	3,908
	<u>11,442</u>	<u>9,458</u>	<u>537</u>	<u>21,437</u>	<u>20,566</u>
TOTAL RESOURCES EXPENDED	<u>71,510</u>	<u>72,754</u>	<u>4,127</u>	<u>148,391</u>	<u>141,289</u>

SOFA
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

4. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:	<u>2012</u> £	<u>2011</u> £
Depreciation	4,127	4,616
Loss/(Profit) on disposal of assets	-	204
Operating lease rentals for land and buildings	24,128	24,128
Auditors' remuneration – audit services	<u>1,950</u>	<u>1,950</u>

Out of pocket expenses were reimbursed to members of the Board of Trustees amounting to £nil (2011 - £74). No member of the Board of Trustees received any remuneration during the year.

5. STAFF COSTS AND NUMBERS

Staff costs were as follows:	<u>2012</u> £	<u>2011</u> £
Salaries	66,451	68,686
Social security costs	4,348	4,043
Pension contributions	711	552
	<u>71,510</u>	<u>73,281</u>

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £711 (2011 - £522). No employee received emoluments of more than £60,000.

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

	<u>2012</u> No.	<u>2011</u> No.
Number of staff	<u>8</u>	<u>11</u>

6. TAXATION

The charitable company is exempt from corporation tax on its charitable activities.

SOFA
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

7. TANGIBLE FIXED ASSETS

	<u>Fixtures & Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost			
At 1 April 2011	21,666	38,334	60,000
Additions	-	-	-
Disposals	(2,018)	-	(2,018)
	<u>19,648</u>	<u>38,334</u>	<u>57,982</u>
At 31 March 2012			
Accumulated Depreciation			
At 1 April 2011	20,985	23,070	44,055
Charge for the year	313	3,053	3,366
Disposals	(2,018)	-	(2,018)
	<u>19,280</u>	<u>26,123</u>	<u>45,403</u>
At 31 March 2012			
Net Book Values			
At 31 March 2012	<u>368</u>	<u>12,211</u>	<u>12,579</u>
At 31 March 2011	<u>681</u>	<u>15,264</u>	<u>15,945</u>

8. DEBTORS

	<u>2012</u> £	<u>2011</u> £
Trade debtors	613	182
Other debtors	16,128	14,053
	<u>16,741</u>	<u>14,235</u>

9. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	<u>2012</u> £	<u>2011</u> £
Trade creditors	2,791	2,697
Taxation and social security	1,275	-
Other creditors	12,551	11,203
	<u>16,617</u>	<u>13,900</u>

SOFA
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

10. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	<u>2012</u>	<u>2011</u>
	£	£
Expiring: Within one year	24,128	24,128

11. UNRESTRICTED FUNDS

	<u>General Fund</u>	<u>Asset Improvement Fund</u>	<u>Tangible Fixed Assets Fund</u>	<u>Total</u>
Balance at 1 April 2011	108,345	15,000	15,945	139,290
Net incoming resources	10,167	-	-	10,167
Transfers	3,366	-	(3,366)	-
	<u>121,878</u>	<u>15,000</u>	<u>12,579</u>	<u>149,457</u>
Balance at 31 March 2012	<u>121,878</u>	<u>15,000</u>	<u>12,579</u>	<u>149,457</u>

The asset improvement fund is a designated fund established by the charity to fund improvements to the charity's delivery fleet, extension to the sales office, new overhead lighting on the second floor of the warehouse and ensure that the technology within the charity reflects current practice in the workplace. The depreciation charge during the year was £4,127.

12. AUDITORS

In common with many other organisations of our nature we use our auditors to assist with the preparation of the financial statements.