

**SOFA**  
**ANNUAL REPORT**  
**AND**  
**FINANCIAL STATEMENTS**

**For the Year Ended**  
**31 March 2014**

**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 2014

The Board of Trustees presents its report and the financial statements for the year ended 31 March 2014.

### **Chairpersons Annual Report**

The year from April 2013 to March 2014 has been a demanding one both in terms of our delivery of services and the need to plan for significant change from April 2014 when all of our longstanding financial support from Leicestershire County Council ceased.

However, I am delighted to report that SOFA has had another very busy and successful year in each of our core activities – the relief of distress by the provision of low priced home essentials to those in need, the reuse of a widening range of goods rather than their loss to landfill and the improvement in the life opportunities of our volunteers especially the maintenance and development of their work life skills. Full details of this work is contained elsewhere in this report although I would wish to draw your attention to the section on volunteers which describes their contribution and achievements in the last year.

The year began with a review of our staffing arrangements and the appointment of a Business Development Manager with the aim of increasing the income of SOFA to compensate for the expected reduction in funding. It also saw the publishing of the WRAP (Waste & Resources Action Programme) 4 Year Re Use Action Plan for Leicestershire. One of the key aspects of this plan for SOFA was the suggestion that the Leicestershire furniture reuse projects should join together to form a Local Reuse Network. With help from Leicestershire County Council there has been progress throughout the year towards the formation of the Leicestershire & Rutland Reuse Network (LRRN).

The summer of 2013 brought confirmation that there would be no financial support from Leicestershire County Council in the following year which would result in a loss of approximately two thirds of our income that is £100,000. When our Business Development Manager left in September we decided not to appoint to this post, and when our CEO resigned in November we agreed a package by which our Warehouse Manager and our Office Manager took over the joint responsibility for day to day management of the Charity which further reduced our staffing costs.

The period from November 2013 to the end of March 2014 has seen the introduction of a range of measures to both reduce our costs and increase our revenue including opening for longer hours on more days, reorganising our warehouse displays, better signposting of the building, restructuring our charging policy while maintaining our 50% discount for those in need and development of online marketing. In addition we have established a “shabby chic” workshop which is upcycling suitable goods for sale in our premises and on line. We have developed our social media profile by use of Facebook and we were really fortunate to have a local company, Cuttlefish, provide us with a remodelled and much more effective web presence. SOFA has also expanded the range of goods that are on sale, taking a much wider view of reuse potential. Where there is a real need for basics such as a mattress to sleep on and we have only a limited supply for reuse we are now providing a new option to our customers.

While the state is reducing or eliminating its help to charities such as SOFA we are really fortunate that our local community continues to donate furniture and other goods for reuse which enables us to provide help to those in need, and of course we continue to receive the absolutely essential input from our volunteers without whom we could not continue. Of increasing importance to the future of SOFA are our customers who are committed to reuse whether it be for economic reasons or for the essential savings in otherwise wasted resources.

**SOFA**  
**REPORT OF THE BOARD OF TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2014**  
**(Continued)**

The volunteers, staff and Trustees of SOFA are fully committed to the future of the charity. We are really fortunate that we had managed to build up a reserve which will enable us to continue to operate while we strive for self sufficiency. We are confident that we have plans in place to replace half of our lost revenue in 2014/15 and hope that we will replace three quarters of the loss in the same period.

I can only conclude by giving my thanks to all those who support our work, those who donate their goods, those who buy for reuse, our volunteers, the dedicated and very committed members of staff and my fellow Trustees.

Brian Granger

**SOFA**  
**REPORT OF THE BOARD OF TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2014**  
**(Continued)**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

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

**Board of Trustees/Directors**

Brian Granger	-Chairperson
Ellie Lowe	-Vice-Chair
Laura Phillips	-Treasurer (resigned 3 <sup>rd</sup> January 2014)
Chris Peaty	-Volunteer Elected Representative
Chris Muris	-Trustee
Val Brooke	-Trustee
Jane Hopper	-Trustee
Fadhil Hassoun	-Trustee
Brian Tetley	-Trustee
Jane Marriott	-Trustee

**Company Secretary**

Jane Hammond (resigned as Company Secretary 18<sup>th</sup> October 2013)  
Julio Pacheco (appointed as Company Secretary 18<sup>th</sup> October 2013)

**Other Staff**

Tony Warren	-Warehouse/Vehicle Manager/Joint Acting CEO
Julio Pacheco	-Administration Manager/Joint Acting CEO
Stewart Turner	-Portable Appliance Tester
Linda Urquhart	-Finance Administrator
Charles Moodie	-Cleaner
David Scarborough	-Volunteer Coordinator
Gill Ford	-Saturday Sales

**Registered Office and Operational Address**

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

**Independent Examiners**

Smith Emmerson, 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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**REPORT OF THE BOARD OF TRUSTEES**  
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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing Document**

The organisation is a charitable company limited by guarantee. The company was originally established under a Memorandum of Association that established the objects and powers of the charitable company and governance under its Articles of Association. Revised and updated Articles of Association were adopted by special resolution of the company on 23<sup>rd</sup> January 2013. 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 is 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.

**SOFA**  
**REPORT OF THE BOARD OF TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2014**  
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**OBJECTIVES AND ACTIVITIES**

The charitable objectives for which the company is established are stated in the Appendix to the Articles of Association. The objects continued to be to relieve, either generally or individually, persons resident in Leicestershire 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**

This year was a year of change for our staffing group with Suzanne Holland our Volunteer Supervisor leaving in June 2013 to be replaced by David Scarborough. Christine Barrel became our Business Development Manager but then left in September 2013 and our CEO, Jane Hammond left in October 2013. Following Jane's departure, Julio Pacheco and Tony Warren took joint responsibility for the role of CEO while continuing their original tasks.

**Volunteers**

An overall total of 68 volunteers completed an induction whilst 64 then proceeded to work with us for varying hours over varying periods from 2013/14. We began the year with 23 volunteers and recruited and trained an additional 45. This has meant an increase in recruitment by 55% from the previous year- with a total of 56 volunteers volunteering for over a month.

We ended the year with a total of 35 active volunteers attending approximately 432 hours a week (21,600 hours over 50 weeks) at current minimum wage (£6.37) this would cost an estimated value of £137,592. In addition, 5 trainees completed a work placement with us and 18 volunteers found employment - up 6 from last year. We have also arranged for volunteers to do several qualifications during their volunteering. Two have completed a L2 NVQ in Business Administration and another two have completed a Village Chic course. Volunteers have gained experience and feel valued at Sofa:

Carol - Volunteer

*"Sofa is definitely the place to come if you lack confidence as you learn to work with people, customers and colleagues. I have been here for three years and have enjoyed every minute of it. And it's not just about the working side; we have regular BBQs as well where we can meet volunteers we don't normally. It has been a very useful experience and I would recommend it to anybody- even those who aren't looking for work. Everyone here is nice, warm and friendly from the minute you walk in the door. They don't just tick boxes they listen to and help people."*

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Salim - Volunteer

*"I've been at Sofa for one year and 5 months and before I came to Sofa I had a lot of anxiety issues to deal with and I was not completely confident in talking to people and dealing with people. I have gone from volunteering one day a week at John Storer House in the back office to volunteering at Sofa six days a week, serving customers face-to-face every day. Because of this I have made significant progress and I feel that I'm fully confident in dealing with a wide variety of people.*

*During my time here at Sofa I've successfully completed and passed an L2 NVQ in Business and Administration. I only took three months to complete it. Because of the progress that I've made I feel much more confident about moving forward and getting a paid job sometime in the near future. I now have a more positive outlook on life and I am optimistic about achieving my goals."*

A summer BBQ and Christmas party were both enjoyed by 40+ volunteers, staff and family.

During the year we continued to work with and provide training for those with disabilities, learning difficulties, and mental health issues, making up 41% of our cohort.

James - Volunteer

*"I'd just like to thank everyone who has helped me at Sofa, especially Julio, David, Salim, Lee-Anne and Lesley. I feel that I've gained a lot of confidence whilst I've worked and that I've matured as well over the past year. I've learnt how to use all sorts of IT programmes like our deliveries databases, spreadsheets and word documents during my time here. I've also done an NVQ in business and administration management and courses in health and safety and first aid. I've also gained the habit of selling items to customers in a friendly and professional way. It's been a pleasure to help people who need bits of furniture who are in desperate situations and I hope in future I can be of any assistance."*

We were also awarded the RNIB Employer Partnership Main Award.

Alicia Wisehall - Curriculum Leader - Transitions at RNIB

*"RNIB College and Sofa have worked together for 5 years during which time they have taken students as volunteers, helped them with mock interviews, been the guest speaker at our recent information evening and offered paid work as part of our Transitional Employment Scheme (TES). Due to the ongoing support from Sofa, RNIB felt that this year they should be awarded the Main Award, in appreciation of the comprehensive support given to students over the last 5 years."*

**Referred Customers and Referral Agencies**

A total of 866 sales (56% of total sales) were made to people who had been referred to us as being in genuine need of reduced price furniture. This figure is slightly down on the previous year but is not seen as a significant trend.

Although anyone can shop with us one of our key charitable aims 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 assess those they consider to be in need and then to refer them to SOFA where they can then buy from us at a discount, currently half price, for 12 months.



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Through this referral process we continue to support a wide range of individuals and families in need who are in contact with statutory and voluntary resources including homeless households, people being resettled from hostels, hospitals and prisons, refugees and new migrants, people fleeing domestic violence and other vulnerable people.

We 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 695 sales (44%) were made to the general public at sensible prices, with income from these sales being used to further our charitable aims. This was an increase of 153 sales compared with previous year a 22% increase. The sale of goods to the general public is now essential income to ensure the future of SOFA and is of course furthering reuse by which we can reduce the impact of climate change. We ran for a second year a successful stall at the Charity Fair in Loughborough Market Place at the end of November 2013 and handed out publicity to hundreds of people.

### **Donations and Diversion from Landfill**

We gratefully received help from 1044 households by collecting 2897 reusable items during this year, and this means we diverted 87.6 tonnes of furniture and electrical appliances from landfill which is a significant help to the targets set for Leicestershire County Council and a considerable boost to the environment.

### **Improvements to Service, Operational Systems and Partnerships**

During the course of the year we:

- Further raised the profile of the building by the introduction of large promotional hoardings
- Received the RNIB Employers Award
- Joined with other Leicestershire furniture projects to work in partnership with Leicestershire County Council to create a Leicestershire & Rutland Reuse Network
- Started a Shabby Chic workshop to upcycle suitable goods and increase volunteering opportunities.
- Had a complete redesign of our web site which was kindly provided by a local company, Cuttlefish.
- Improved our opening hours so that we now operate six days a week and for longer hours on weekdays.
- Restructured our charging policy to keep prices low while maximising income
- Increased the range of goods accepted as donations for reuse.
- Extended our use of social media by use of Facebook.

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**REPORT OF THE BOARD OF TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2014**  
**(Continued)**

**Organisations that have supported SOFA**

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
- WRAP (Waste Resources Action Programme)
- Voluntary Action Leicestershire
- Loughborough Round Table
- Cuttlefish
- Wicks

**FINANCIAL REVIEW**

The Statement of Financial Activities for the year shows a surplus of £33,795 (2013: £11,450).

Total Incoming Resources in the year increased to £176,737 (2013: £166,552).

The Balance Sheet shows that SOFA has total unrestricted funds of £194,702, of which £10,052 is invested in tangible fixed assets and £50,000 is designated for asset improvement.

**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 district councils, 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.

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**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 it is necessary to hold reserves at the maximum possible in the light of the expected loss of our income from Leicestershire County Council in April 2014, that being £100,000, and no possibility of replacing this amount from alternative statutory grant sources. In addition to this SOFA continues to hold £17,500 in reserve to cover the expected lift repair which would be necessary to ensure access to two of the three floors in our warehouse. This higher level of reserves will enable SOFA to continue with its current activities whilst developing our self generated income plans.

The level of general reserves as of 31<sup>st</sup> March 2014, of £134,650, will enable Sofa to continue to operate until 2015 and give us the opportunity to improve our self generated income sources.

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

**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 including the sale of new goods
- continue to explore how we can develop ways of “upcycling” some of the goods donated in order to maximise their value
- widen the range of goods we accept for reuse
- improve our efficiency by reviewing and improving our customer service
- contribute effectively to the development of the Leicestershire & Rutland Reuse Network
- increase our use of electronic marketing by use of social media including Facebook, Gumtree and text messaging.
- explore alternative ways of selling our goods including the possibility of a shop front in a more central location
- look at every possible way of reducing our operating costs

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**REPORT OF THE BOARD OF TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2013**  
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**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 4.

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 20<sup>th</sup> November 2014 and signed on its behalf by:

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

## SOFA

### INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 MARCH 2014

#### Independent examiner's report to the trustees of SOFA

We report on the accounts of the charity for the year ended 31 March 2014, which are set out on pages 13 to 20.

#### Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Charities Act) and have requested that an independent examination be carried out.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the Charities Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the Charities Act), and
- to state whether particular matters have come to my attention.

#### Basis of independent examiner's statement

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

#### Independent examiner's statement

In connection with my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in, any material respect, the requirements:
  - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
  - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Mr Paul Emmerson BSc ACA  
Smith Emmerson  
Chartered Accountants  
Ash Tree Court  
Nottingham Business Park  
Nottingham  
NG8 6PY



Date: 20/11/2014

**SOFA**

**STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account) FOR  
THE YEAR ENDED 31 MARCH 2014**

	<u>Note</u>	<u>Total Funds 2014 £</u>	<u>Total Funds 2013 £</u>
<b>INCOMING RESOURCES</b>			
<b>Incoming Resources from Generated Funds :</b>			
<i>Investment Income</i>		153	173
<b>Incoming resources from Charitable Activities :</b>			
<i>Service Level Agreements</i>	2	100,525	99,530
<i>Sales Revenues</i>	2	69,384	58,026
<i>Sundry Income</i>	2	6,675	8,823
<b>Total Incoming Resources</b>		176,737	166,552
<b>RESOURCES EXPENDED</b>			
<b>Costs of generating funds</b>		8,356	9,133
<b>Charitable activities</b>		113,695	123,349
<b>Governance costs</b>		20,891	22,620
<b>Total Resources Expended</b>	3	142,942	155,102
<b>Net Incoming Resources</b>		33,795	11,450
<b>Transfers between Funds</b>		-	-
<b>Net movement on Funds</b>		33,795	11,450
Total funds brought forward		160,907	149,457
<b>Total funds carried forward</b>		194,702	160,907

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

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

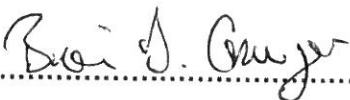
SOFA

BALANCE SHEET AS AT 31 MARCH 2014

	<u>Note</u>	<u>2014</u> £	<u>2013</u> £
<b>Fixed Assets</b>	7	10,052	9,769
<b>Current Assets</b>			
Debtors	8	16,181	15,623
Cash at bank and in hand		172,400	151,042
		<u>188,581</u>	<u>166,665</u>
<b>Creditors</b>			
Amounts falling due within one year	9	(3,931)	(15,527)
<b>Net Current Assets</b>		<u>184,650</u>	<u>151,138</u>
<b>Net Assets</b>		<u>194,702</u>	<u>160,907</u>
<b>Funds</b>			
Restricted		-	-
General	11	194,702	160,907
<b>Total Funds</b>		<u>194,702</u>	<u>160,907</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 20<sup>th</sup> November 2014 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 2014

#### 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 April 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.



**SOFA**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014**

**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 professional fees and other 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:

<b>Item</b>	<b>%</b>	<b>Basis</b>
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.

SOFA  
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	<u>Total Funds</u> <u>2014</u> £	<u>Total Funds</u> <u>2013</u> £
<b>Service Level Agreements</b>		
Leicestershire County Council	<u>100,525</u>	<u>99,530</u>
<b>Sales Revenue</b>		
Furniture sales	<u>69,384</u>	<u>58,026</u>
<b>Sundry Income</b>		
Miscellaneous income	<u>6,675</u>	<u>8,823</u>

3. TOTAL RESOURCES EXPENDED

	<u>Staff</u> <u>Costs</u> £	<u>Other</u> <u>Costs</u> £	<u>Depreciation</u> £	<u>Total</u> <u>2014</u> £	<u>Total</u> <u>2013</u> £
<b>Charitable Activities</b>					
<i>Direct Costs</i>					
Staff Costs	38,479	-	-	38,479	40,946
Premises costs	-	21,045	110	21,155	20,987
Expenditure on projects	-	13,422	1,055	14,477	18,544
	<u>38,479</u>	<u>34,467</u>	<u>1,165</u>	<u>74,111</u>	<u>80,477</u>
<i>Support Costs</i>					
Staff Costs	23,087	-	-	23,087	24,567
Premises Costs	-	9,743	51	9,794	9,719
Expenditure on Projects	-	6,214	489	6,703	8,586
	<u>61,566</u>	<u>50,424</u>	<u>1,705</u>	<u>113,695</u>	<u>123,349</u>
<b>Costs of Generating Funds</b>					
Staff Costs	3,078	-	-	3,078	3,276
Premises Costs	-	3,118	16	3,134	3,110
Other Costs	-	1,988	156	2,144	2,747
	<u>3,078</u>	<u>5,106</u>	<u>172</u>	<u>8,356</u>	<u>9,133</u>
<b>Governance</b>					
Staff Costs	12,313	-	-	12,313	13,103
Premises Costs	-	5,067	26	5,093	5,053
Other Costs	-	3,231	254	3,485	4,464
	<u>12,313</u>	<u>8,298</u>	<u>280</u>	<u>20,891</u>	<u>22,620</u>
<b>TOTAL RESOURCES EXPENDED</b>	<u>76,957</u>	<u>63,828</u>	<u>2,157</u>	<u>142,942</u>	<u>155,102</u>

**SOFA**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014**

**4. NET INCOMING RESOURCES FOR THE YEAR**

<b>This is stated after charging:</b>	<u>2014</u> £	<u>2013</u> £
Depreciation	2,157	2,577
Loss on disposal of fixed assets	-	183
Operating lease rentals for land and buildings	24,128	24,128
Auditors' remuneration	<u>-</u>	<u>2,100</u>

There were no out of pocket expenses reimbursed to members of the Board of Trustees during the year to 31 March 2014, or in the previous year. No member of the Board of Trustees received any remuneration during the year.

**5. STAFF COSTS AND NUMBERS**

<b>Staff costs were as follows:</b>	<u>2014</u> £	<u>2013</u> £
Salaries	71,879	75,584
Social security costs	4,661	5,567
Pension contributions	417	741
	<u>76,957</u>	<u>81,892</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 £418 (2013 - £741). No employee received emoluments of more than £60,000.

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

	<u>2014</u> No.	<u>2013</u> No.
Number of staff	<u>8</u>	<u>9</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 2014**

**7. TANGIBLE FIXED ASSETS**

	<u>Fixtures &amp; Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<b>Cost</b>			
At 1 April 2013	19,148	38,334	57,482
Additions	2,440	-	2,440
At 31 March 2014	<u>21,588</u>	<u>38,334</u>	<u>59,922</u>
<b>Accumulated Depreciation</b>			
At 1 April 2013	19,148	28,565	47,713
Charge for the year	203	1,954	2,157
At 31 March 2014	<u>19,351</u>	<u>30,519</u>	<u>49,870</u>
<b>Net Book Values</b>			
At 31 March 2014	<u>2,237</u>	<u>7,815</u>	<u>10,052</u>
At 31 March 2013	<u>-</u>	<u>9,769</u>	<u>9,769</u>

**8. DEBTORS**

	<u>2014</u> £	<u>2013</u> £
Trade debtors	325	355
Other debtors	15,856	15,268
	<u>16,181</u>	<u>15,623</u>

**9. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)**

	<u>2014</u> £	<u>2013</u> £
Trade creditors	1,280	1,830
Taxation and social security	1,101	2,698
Other creditors	1,550	10,999
	<u>3,931</u>	<u>15,527</u>

**SOFA**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014**

**10. OPERATING LEASE COMMITMENTS**

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

	<u>2014</u>	<u>2013</u>
	£	£
Expiring: Within one year	24,128	24,128
	<u>24,128</u>	<u>24,128</u>

**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 2013	101,138	50,000	9,769	160,907
Net incoming resources	33,795	-	-	33,795
Transfer from tangible fixed assets fund	<u>(283)</u>	<u>-</u>	<u>283</u>	<u>-</u>
Balance at 31 March 2014	<u>134,650</u>	<u>50,000</u>	<u>10,052</u>	<u>194,702</u>

The asset improvement fund is a designated fund established by the charity to fund improvements to the charity's delivery fleet, lift maintenance and updating IT equipment to ensure that the technology within the charity reflects current practice in the workplace. The depreciation charge during the year was £2,157.